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**120 GRADUATED EXERCISES
IN BOOKKEEPING**

120 GRADUATED EXERCISES IN BOOKKEEPING

(DOUBLE- AND SINGLE-ENTRY)

PARTNERSHIP, MANUFACTURING
AND DEPARTMENTAL ACCOUNTS

BY

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PROTESTANT BOARD OF SCHOOL COMMISSIONERS, MONTREAL, P. Q.



SIR ISAAC PITMAN & SONS (CANADA), LTD.
70 BOND STREET, TORONTO ❁ ❁ ❁
AND AT LONDON, BATH, MELBOURNE AND NEW YORK

**PRINTED IN GREAT BRITAIN
AT THE PITMAN PRESS, BATH**

FOREWORD TO TEACHERS AND STUDENTS

AS TO

METHOD OF INSTRUCTION

" Everything must have a source or cause."—MORSE COLE.

THIS book contains a series of graduated groups of exercises, arranged so as to outline a method of instruction, which the author and other instructors in Bookkeeping and Accounting have found very successful. At the same time, the groups can be taken in any other order, following some other method, as the teacher thinks fit. The book is not a text book, but is intended to be used with one, and it can be used in connection with any text book on the subject. For Bookkeeping alone an instructor could use the book without a text book.

The writer follows the usual practice in giving instruction in Double-entry Bookkeeping. He first teaches fundamental principles and their application, and from these develops the students' methods of thought and knowledge of the subject. He commences by defining a Ledger Account, and teaching the main underlying principle of Double-entry Bookkeeping, as given at the close of this preface. He shows the effect of the debiting and crediting of Ledger Accounts, Trial Balances being produced at the close of each exercise, from the first stage to the last. The next stage is to show the necessity of a book of original entry to record events as soon as they occur, and that it is convenient to record them in such a manner that the accounts to be debited and credited are clearly shown. At the commencement of this stage every transaction is recorded in the General Journal, and from there entered or posted into the Ledger. The next stage is to segregate the first record of each cash transaction into a special book, the Cash Book, the remainder of the original entries being written in the General Journal. Later on, sales are segregated to the Sales Journal, and purchases to the Purchases Journal, the remaining original entries being written in the General Journal. The Cash Book also is developed by stages, the first being the addition of columns to record cash discount, and

the next columns to record bank transactions. Two rulings for the Cash Book are taught : one where all cash and cheques received are banked daily, and where all payments over a certain figure are made by cheque, all payments below that figure being made out of petty cash ; the other, where sums of money are retained in the office and used for large payments. Suggested rulings for the various books are given on pages 25-58. If the student is drilled in the use of Cash Books Nos. 3 and 5, and later 4 and 6, he will readily understand how a more elaborate Cash Book can be developed by a subdivision of the columns as indicated in the ruling No. 9. Similarly, if the student understands the use of the columnar or departmental Sales or Purchase Journal, he will understand the use of the Voucher Register.

Later on, the Ledger Accounts are divided into three groups and kept in three separate Ledgers : Accounts Receivable or Trade Debtors, Accounts Payable or Trade Creditors, and the remainder, which are kept in the General Ledger. The necessity for Control or Total Accounts is then made obvious, and they are introduced, additional columns being added first to the Cash Book, and later to the General Journal for this purpose.

As this instruction is given, other features also are introduced, such as the following : Accrued Interest, Bad Debts, Consignments, Bills of Exchange, Imprest System for Petty Cash, Depreciation, Reserves for Discounts, Freight on Purchases and Sales, Departmental Sales and Purchases Journals, the preparation of Trading and Profit and Loss Statements, and Balance Sheets, and so on.

This gives a general idea of the writer's plan of instruction.

According to the author's experience students are best able to understand Single-entry as the Double-entry System with certain sections omitted, the usual books omitted being as follows : General Purchases and Sales Journals ; Trade Creditors and General Ledgers.

Double-entry being understood, the use of the Working Sheet is then explained. This is followed by Partnership Problems, most of which are worked from a Trial Balance. These are followed later by problems in Manufacturing and Departmental Accounting.

The problems given are intended to cover the principal things incidental to Partnerships, Manufacturing, and Departmental

Accounts. There are other smaller matters, for which the teacher can readily invent small examples and problems. Further, it is thought that if, in the teaching of Double-entry Bookkeeping, principles are thoroughly inculcated into a student, and he is taught how to apply them, he will be able to deal with the minor problems that arise by thinking out the solutions for himself.

The writer believes that practice makes for perfection, and accordingly gives his students a number of exercises to work out for each of the majority of the stages of instruction. These are varied in number as the writer has seen it desirable. Teachers using the book can reduce them, or alter the order of the groups, as they think best.

The special features dealt with in each group of exercises are given at its commencement, as well as in the table of exercises.

Up to the close of group R, all groups contain features which have been introduced in previous groups. Without having an overload of detail, it would be impossible to list all the features of each group. The Index, however, indicates the exercises which contain the different features.

By changing the dollar sign to that for pounds, rupees, etc., these exercises can be used wherever the English language is in use. It is submitted that accounting principles can be taught as well with the use simply of pounds, as they can by the addition of shillings and pence.

The writer believes that every person in business should understand Accounting and Finance, and that no one can properly understand Accounting without knowing the bookkeeping machinery which produces the financial statements that everyone ought to understand. Accordingly, he hopes that this book of Graduated Exercises will be a thing of usefulness to many, not only in Canada, but in the Mother-Country, the Dominions, India, the Colonies, and the United States.

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10th March, 1928.

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PRINCIPLES AND DEFINITIONS OF THE FOUNDATIONS OF ACCOUNTING

Ledger Account.

A LEDGER Account is a separate record of all the transactions of a concern with one person, or in one class of thing, or in one class of expense, or in one class of income.

Double-entry Bookkeeping.

"Every transaction that can be recorded in terms of account has two aspects: the one involving the receiving of a benefit by one account (or accounts) and the other the yielding of that benefit by another account (or accounts). The account that receives the benefit is debited, the account that yields the benefit is credited; and so one gets, as a result, a debit for every credit."—SPICER and PEGLER.

DEBIT	CREDIT
IN	OUT
Increases of Assets.	Decreases of Assets.
Decreases of Liabilities.	Increases of Liabilities.
Expenses.	Sources of increases in Assets, such as Profits and Income Accounts.
Decreases in Interest of Proprietors.	Increases in Interest of Proprietors.

Capital Account.

A Capital Account shows the permanent investment of an owner of a concern in that concern. It shows a permanent liability of the concern to that owner.

Fixed Assets (also Property or Capital Assets).

Fixed Assets are those of a permanent nature by means of which the business is carried on, and which are held for the purpose of earning income and not for the purpose of sale or consumption. Fixed Assets are valued at cost less adequate depreciation.

Examples : Furniture, Equipment, Machinery, Buildings, Land, Steamships, Rolling Stock, Goodwill.

Current Assets (also Floating, Liquid, and Circulating Assets).

Current Assets are those in which the business deals, and which are acquired for the purpose of sale. They show the Current Capital passing through various forms until it is reconverted into cash. They are those which are used to meet current liabilities and to pay expenses. They are those which are acquired to be consumed as expenses in the carrying on of the business.

Current Assets are valued at cost or current market purchase price, whichever is lower.

Current Quick and Working Assets.

Current Assets may be subdivided into—

Quick : Those which are cash, represent obligations to pay cash to the concern, or which can be readily turned into cash without serious loss.

Examples : Cash in Bank, Accounts Receivable or Trade Debtors, Bills and Notes Receivable, Temporary and Readily Marketable Investments.

Working : Those which are current but do not come into the category of Current Quick Assets.

Examples : Inventories of Raw Materials, Work-in-Process, Finished Goods, General Factory Supplies ; or Stocks-in-Trade.

Current Liabilities.

Current Liabilities are those which must be met within a year or less.

NOTE. This rule must not be interpreted strictly : circumstances can quite easily require a liability, not to be settled within one year, to be included in the Current Group.

Examples : Accounts Payable or Trade Creditors, Bills and Notes Payable, Accrued Expenses in Suspense.

Fixed Liabilities.

Fixed Liabilities are those which can run for more than a year.
See note to Current.

Examples : Bonds, Debentures, Long-term Loans.

Capital Cash Receipts.

Capital Cash Receipts include all cash which is received by the business, for the purpose of acquiring those Current and Fixed Assets, by which it is to be carried on.

They also include the proceeds of the sale of a Fixed Asset.

If the Fixed Asset is sold at a profit, it is a Capital Profit. If it is sold at a loss it is a Capital Loss. It is understood that in the past the full loss in value of the asset, called depreciation, has been charged out as Revenue Expenditure.

Examples : Owners' Capital, Proceeds of an Issue of Bonds, Proceeds of Sale of Discarded Machinery.

Revenue Cash Receipts.

Revenue Cash Receipts include all cash received in the processes of the working of the business, and all cash received from investments outside the business.

Examples : Cash Collections of Debts, Cash Sales of Goods, Cash Receipts for Services Rendered, Dividends from Investments held.

Capital Expenditure.

Capital Expenditure is that—

(1) Which is incurred for the purpose of creating or acquiring the Fixed Assets by means of which the business is to be carried on ; and

(2) That expenditure on Fixed Assets, which is incurred for the purpose of increasing the earning capacity of the business.

Examples : (1) Purchase of a Factory.

(2) Expenditure on Improvements to the Factory.

Revenue Expenditure.

Revenue Expenditure is that which is incurred for the purpose of

(1) Carrying on the business ; and

(2) Maintaining the Fixed Assets in a state of working efficiency.

Examples : (1) Office Salaries, Rent, Depreciation of Fixed Assets.

(2) Repairs and Renewals to Machinery.

Direct Material (Manufacturing Accounts).

The Direct Material charge includes the cost of all materials which are fashioned into, and absorbed into the finished product.

Direct Labour (Manufacturing Accounts).

Direct Labour is that which is applied to the direct material, whilst it is in process of being fashioned into the finished product. It does not include labour handling the direct material before it goes into process, or when passing from one process to another.

Direct Manufacturing Expense.

Direct Manufacturing Expense includes all expenses which can be charged, without apportionment by estimate, directly to a particular job, article, or contract, or to a particular process. It will include expenses, which have to be apportioned between jobs articles, contracts, or processes, but the apportionments of which can be measured exactly.

Prime Cost of Finished Goods or Finished Jobs or Contracts	} Includes	{ Direct Material, Direct Labour, Direct Expense.
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Factory Overhead Expense.

Also referred to as :	
Factory Indirect Expense,	} Includes all other expenses of the Factory in operation.
General Manufacturing Expense,	
General Factory Expense,	
Factory Burden,	
Factory Oncost, etc.	

Factory Overhead : Variable or Standing Charges.

Factory Overhead Charges can be divided broadly into two main groups—

VARIABLE. Those which vary with production.

Examples : Indirect Labour handling material in the factory.
Factory General Supplies consumed.

STANDING. Those which normally will not vary with production : usually they will vary, but, as a rule, not according to the amount of work done in the factory.

Examples : Fire Insurance of Machinery, Depreciation of Buildings, Rent, Salaries and Wages of Factory Manager and Factory Clerks.

Finished Goods.

Cost of Finished Goods includes all charges and expenses necessary to bring them into a condition ready for sale at the door of the Finished Goods Warehouse. As soon as they are in this Warehouse, all remaining charges and expenses belong to revenue and should be written off to Profit and Loss Account for the period under review.

Gross Profit.

Gross Profit is the difference between the proceeds of the sale of goods, and the cost of acquisition of those goods. All expenses and charges incurred in making the sales and in collecting the proceeds are charged later.

NOTE. Proceeds of Sale will include Total Cash Sales, and, shown as a separate figure, Gross Credit Sales less Returns Inwards, Allowances to Customers for Damaged Goods, Freight, and other Charges covered by an increase in Selling Prices made specifically to cover that Freight, etc.

Net Profit.

Net Profit consists of the remains of the Gross Profit after it has been charged with all waste, loss and expenditure both of fixed and circulating assets, incidental to the process of carrying on the business during the period under review.

Examples : Warehousing Expenses, Selling Expenses, Delivery Expenses which have not been covered by a specific increase in a selling price, Administrative Expenses, Depreciation of Office Equipment and Buildings, Financial Charges such as Cash Discounts allowed customers, Bank Charges, and Bad Debt Charges.

NOTE. For a further elaboration, see the suggested scheme for the subdivision of Periodical Financial Statements.

Revenue Expenditure and Losses.

An Expense is a debit and records a service rendered to the business, the corresponding credit showing a payment made or a liability incurred.

If the service rendered has been of value only to the period under review, it must be written off to " Profit and Loss Account " for that period.

If the service rendered is of value over two or more periods, it must be apportioned over those periods, in proportion to the values of the service rendered to each period.

Examples : Salaries, Insurance, Rent.

Assets consumed during a period must be written off to " Profit and Loss Account " for that period. The balance unconsumed remains as an asset for the Balance Sheet.

Examples : Coal, General Factory Supplies.

A wastage made during a period must be written off to " Profit and Loss Account " for that period. If it cannot be measured exactly, it must be estimated. The asset may be written down, or a reserve set up.

Examples : (Dr.) Depreciation of Machinery. (Cr.) Reserve for Depreciation of Machinery.

Losses, such as " Bad Debts," made during a period, must be written off to " Profit and Loss Account " for that period. If the loss is certain to have been made, but cannot be located, an estimated reserve must be made, and a corresponding charge made to " Profit and Loss Account."

Examples : (Debits) Bad Debts, Cash Discounts to Customers. (Credits) Reserve for Bad Debts, Reserve for Cash Discounts.

NOTE. *Capital Losses :* Treatment of these is not covered by problems in this book.

Trial Balance.

A Trial Balance is a list, debits and credits in separate columns, of the balances of a complete group of Ledger Accounts, after the posting to both sides is complete. The two totals should agree. A Trial Balance can be taken at any time, provided that the posting to both sides is complete up to a definite point.

Trading and Profit and Loss.

The Trading and Profit and Loss Accounts of a business are intended to show its trading and financial history for a certain period of time.

Balance Sheet.

The Balance Sheet is intended to show the financial condition of a business at the end of that period of time.

A Balance Sheet is a classified summary of the balances remaining in a set of Ledger Accounts after those relating to profit and loss have been collected into one special account, generally called the "Profit and Loss Account," and including the balance on that account, so arranged as to show the assets and debit balances upon one side, and the liabilities and credit balances on the other. On occasion (a) certain debits are shown as deductions from credits, and (b) certain credits are shown as deductions from debits.

Examples :

(a) (Credit) <i>Capital Stock Issued and Paid up</i>	.	.	\$500,000	
Less (Debit) <i>Treasury (Donated) Stock</i>	.	.	100,000	
			<hr/>	\$400,000
(b) (Debit) <i>Factory Buildings</i>	.	.	\$50,000	
Less (Credit) <i>Reserve for Depreciation</i>	.	.	10,000	
			<hr/>	\$40,000

A Balance Sheet should show, as a memorandum or otherwise, the total Contingent Liabilities.

Proprietorship or Net Worth.

Proprietorship or Net Worth is the excess of Assets of a concern over its Liabilities to the outside world and Liabilities to Owners for advances as distinct from Capital. It is made up of Capital, Appropriated Surplus, and Unappropriated Surplus, less any Losses not written off.

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	Bank Deposits and Withdrawals	
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	{ Statement of Appropriation of Profit and Loss	
	{ Cash and Cheques not all banked daily	
	{ Columnar Sales and Purchases Journals	
	{ Closing off the books of a Partnership working from a Trial Balance	
	{ Preparation of the following statements from the Ledger Accounts concerned—	
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T	{ Valuation of Goodwill. Ascertainment of—	
	{ (a) Total Capitalization of a Partnership Business, whether Owners' Capital, Loans, Invested Reserves, etc.	
	{ (b) Net Profits earned by Total Capitalization in carrying on regular operations of the business	

Serial Letter	SPECIAL FEATURES	Exercises Numbered
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GENERAL NOTES FOR GUIDANCE

1. *Completion of Exercises.* No exercise in this book, which contains Ledger Accounts, is complete until the accounts have been properly closed off, and the balances brought down ready for the next period.

2. *Credit Sales and Purchases.* Throughout this book all sales and purchases are on credit, unless expressly stated otherwise.

3. *"Cash" and "Trade" Discount.* Whenever the term "Discount" is used in these exercises "Cash Discount" is referred to, and not "Trade Discount." "Cash Discounts" are deductions made from an account due for the sake of obtaining an early cash settlement. It is assumed that "Trade Discounts" have been deducted from the Invoices before their totals have been recorded in the Journals. "Trade Discount" is a means of adjusting all of the prices in an extensive catalogue or price-list, whenever a change is necessitated by a rise or fall in a market. The rate of "Trade Discount" will vary according to the class of article and quantity purchased. Again, there will be a different rate for each class of trade, wholesale, retail, and jobbing.

4. *Allowances on Sales and Purchases.* The term "Allowances" in this book is used to cover deductions made off original invoice charges, because of goods being damaged, or defective in some way. The buyer has agreed to accept them, but on condition that the price is reduced. This is a reduction of the "Proceeds of Sales," and, as a rule, the Sales or Shipping Departments will be responsible. It is quite distinct from "Cash Discounts," which are usually controlled by those responsible for the collection of debts due to the concern, or for the payment of accounts due by the concern.

5. *Allowances and Returns, and Sales and Purchases Journals.* As a matter of general practice the following should never be written into Sales or Purchases Journals—

(a) *Returns Inwards* and (b) *Allowances on Sales* never in *Sales Journals* ;

(c) *Returns Outwards* and (d) *Allowances on Purchases* never in *Purchases Journals*.

Returns Inwards and Allowances on Sales should be recorded in a special book, or in the General Journal if very rare. Returns Outwards and Allowances on Purchases, also, should be recorded in a special book, or in the General Journal if very rare. The Returns Inwards, etc., Journal will help to indicate the efficiency of the Sales and Shipping Departments, and the Returns Outwards, etc., Journal will help to indicate the amount of extra trouble given to the Purchasing Officer and the Warehousing or Stores Department because of mistakes, etc., made by creditors of the concern.

6. *Reports.* It is suggested that Reports should be subdivided as follows—

<i>Object.</i>	
<i>Ground Covered or Work Done.</i>	
<i>Points of Evidence and Reasoning.</i>	<i>Conclusions drawn therefrom.</i>
<i>General Conclusions.</i>	
<i>Recommendations (if asked for).</i>	

7. *Exercises Worked from Trial Balances Onwards.* After completion by the students of the first few exercises, which are worked from the Trial Balances onwards (Groups P, S, Y, Z, AA, BB, etc.), it will be usually found unnecessary as a preliminary for them to open a complete General Ledger for the exercise by writing in all of the accounts. Usually it will be sufficient if students open those accounts only which are going to be adjusted in some way.

SUGGESTED RULINGS FOR BOOKS USED FOR DIFFERENT GROUPS

Cash Book : No. 1, Group C (Cash only).

- | | | | | |
|---|---|----|---|---|
| „ | „ | 2, | „ | D (Cash and Discount). |
| „ | „ | 3, | „ | E, F, G. (All receipts banked daily). |
| „ | „ | 4, | „ | I, J, K, L, M, O, X (All receipts banked daily and Control A/cs). |
| „ | „ | 5, | „ | H (All receipts not banked daily). |
| „ | „ | 6, | „ | N, R (All receipts not banked daily and Control A/cs). |
| „ | „ | 7, | „ | H (All receipts not banked daily). |
| „ | „ | 8, | „ | N, R (All receipts not banked daily and Control A/cs). |
| „ | „ | 9, | „ | (Elaboration of No. 4). |

General Journal : No. 10. B and onwards.

- | | | | |
|---|---|-----|--|
| „ | „ | 11. | O and J, K, L, M, N, etc., at discretion (special for Control A/cs). |
|---|---|-----|--|

Purchases (or Sales) Journal : No. 12. F, G, H, I, J, L, M, N, O (Simple form).

- | | | | |
|---|---|---|--------------------------------|
| „ | „ | „ | 13. K, N, R, X (Departmental). |
| „ | „ | „ | 14. (Elaboration of No. 13.) |

Voucher Register : No. 15.

Bills Payable Register : No. 16.

Bills Receivable Register : No. 17.

Petty Cash Book : No. 18.

NOTE. Cash Books for use where all Receipts not banked daily.

By retaining in the office proceeds of Cash Sales, by depositing daily in the Bank all cheques received, and, as the Cash in Office permits, by making payments of Expenses and Salaries and for direct Purchases by cash, the groups of exercises indicated below can be used for the Cash Books, as numbered—

Cash Books : Nos. 5 and 7. E, F, and G.
Nos. 6 and 8. I and J.

NOTE (1). In order that the effects of the different arrangements of columns may be manifest, the same items are repeated in the following books: Rulings, Cash Books Nos. 2 to 9. For the same reason the items in Ruling, General Journal, No. 10, are repeated in Ruling, General Journal, No. 11.

NOTE (2). The Voucher columns are given in the Cash Books, etc., so that their use may be indicated to the student. It is not considered necessary that the student should have vouchers available for each exercise, and that he should go through the routine of numbering and entering them. It is considered more important that the student should spend all the time available on being inculcated with the principles of Accounting. The Teacher or any good text book can show the student how different documents should be made out.

Ruling Cash Book. No. 1. Group C.

RECEIPTS

PAYMENTS

Date	Account to be Credited	Lr. Fo.	Cash	Date	Account to be Debited	Lr. Fo.	Cash
Jan. 1	To Capital: W. Robertson	4	\$8000	Jan. 1	By Cunard Shipping Co.	15	\$400
12	.. L. Hanson & Co.	24	500	19	.. W. Crawford & Co.	36	800
31	.. Merchandise: Sales	40	100	31	.. Salaries	45	300
				31	.. Balance c/d		1500
			<u>\$8600</u>				7100
		8			Credit Cash \$1500		<u>\$8600</u>
Feb. 1	Debit Cash \$8600						
	To Balance b/d		\$7100				

RECEIPTS

PAYMENTS

NOTE (1). Vr. Ref. or Voucher Reference Column will contain serial numbers of Counterfoils of Receipt Book, of pages of Cash Sales Book, of Bills Receivable Book, etc.

NOTE (2). Vr. No. or Voucher Number Column will contain serial numbers of Vouchers, pages of Petty Cash Book, or of other books which record details of the expenditure.

Ruling Cash Book. No. 3. Groups E, F, G. (All receipts of cash and cheques out of Petty Cash.)

RECEIPTS

Date	Account to be Credited	Lr. Fo.	Vr. Ref.	Discounts, etc.	Sundry Receipts	Bank Deposits
Jan. 1	To Capital	1			\$5000	\$5000
2	" Merchandise : Sales	46	C. Sales 1		500	500
4	" W. Jones	27	1	\$10	490	
	" H. Smith	83	2	10	570	
6	" Bills Receivable No. 1	41	Bills 1	20	980	1060
10	" W. Robinson	75	3	8	815	980
	" Merchandise : Sales	46	C. S. 1		200	
12	" R. Hart & Co.	29	4	9	845	1015
	" P. Benson & Co.	32	5	15	895	
16	" Merchandise : Sales	46	C. S. 2		200	1740
	" B. Easton	71	6	18	902	
	" G. Macarthur	69	7	20	825	
18	" Bills Receivable No. 2	41	Bills 1	25	1240	1927
20	" C. Whitehead	102	8	8	825	1240
	" Merchandise : Sales	46	C. S. 2		150	
	" M. Byers	105	9	27	1450	
26	" W. Timmins	21	10	12	1208	2425
	" Merchandise : Sales	46	C. S. 2		250	
31	" T. Mitchell & Co.	18	11	25	1567	1458
	" C. Cook	107	12	17	843	
	" H. Dawson	27	13	37	1725	
	" Merchandise : Sales	46	C. S. 2		300	
						4435
				\$261	\$21780	\$21780
	Debit Discounts \$261	23				
	Bank 21780	17				
	\$22041					
Feb. 1	By Balance in Bank b/d					\$8387

- NOTE (1) The items in the subdivisions of the "Sundry Receipts" column
 (2) The items in the "Bank Deposits" column should coincide
 (3) The items in the "Bank Withdrawals" column should be
 (4) The total of the "Sundry Receipts" column will give the

anked daily. All payments above a certain amount by cheque. All payments below that amount

PAYMENTS

Date	Account to be Debited	Lr. Fo.	Vr. No.	Discounts, etc.	Bank Withdrawals
Jan. 2	By Petty Cashier	3	P.C.B. 1		\$40
4	" Merchandise: Purchases	41	1		200
	" J. Jeffreys	120	2	\$28	1462
6	" Furniture and Fixtures	5	3		400
9	" H. Gregson & Co.	125	4	25	1428
	" G. Doncaster & Co.	147	5	18	824
11	" H. Findlay	151	6	19	921
12	" A. Graham & Co.	130	7	21	1025
13	" Phoenix Oil Co.	135	8	5	433
17	" Furniture and Fixtures	5	9		200
	" General Expenses	12	10		150
19	" J. Byers & Co.	152	11	4	246
20	" Palatine Manufacturing Co.	157	12	23	1427
	" Merchandise: Purchases	41	20		200
23	" Fernie Shipping Co.	142	13		623
26	" Bills Payable No. 21	38	14	24	1564
	" Merchandise: Purchases	41	21		200
30	" L. Belanger & Co.	138	19		600
31	" Salaries	7	15		500
	" Rent	9	16		200
	" General Expenses	12	18		150
	" Private Drawings	15	17		600
				\$167	13393
	To Balance in Bank c/d				8387
					\$21780
	Credit Discounts	\$167	25		
	Bank	13393	17		
		<u>\$13560</u>			

ould be readily identifiable with items on the Paying-in Slips.
 ith the deposits side of the Bank Pass Book.
 ecked off to the withdrawals side of the Bank Pass Book.
 ank Deposits for the month under review.

Ruling Cash Book. No. 4. Groups I, J, K, L, M, O, X.

All receipts of cash and cheques banked daily.

All payments above a certain amount made by cheque.

All payments below that amount out of Petty Cash.

Additional columns for the segregation of items by Ledgers, so that Control or Total Accounts may be used.

The student will understand this Cash Book after he is thoroughly conversant with No. 3.

Columns C, D, and E, and H and I repeat the money columns of No. 3.

Columns A and B contain extensions of the totals of the figures entered in columns C and D.

Columns F and G contain extensions of the totals of the figures entered in columns H and I.

Some may think it more logical to arrange the columns for Cash Book No. 4, as follows, bringing the columns which segregate debits to the left of each page, and those which segregate credits to the right—

RECEIPTS

[illegible]

PAYMENTS

or as follows, which also brings the Trade Debtors Ledger column close to the amount to be credited and Ledger Folio column—

RECEIPTS

[illegible]

PAYMENTS

It is thought, however, that Cash Book No. 4 is more convenient than these for the cashier in writing it up, and for the bookkeeper in posting to the Trade Debtors (Accounts Receivable) and Trade Creditors (Accounts Payable) Ledgers.

Ruling Cash Book. No. 5. Group H.

See No. 7 for Alternative Cash Book.

All receipts not banked daily.

Large sums of cash retained in the office, and large payments made out of that cash.

NOTE. The transactions with the outside world are the same as those recorded in Cash Books Nos. 2, 3, and 4, but they are dealt with in the office which is using Cash Books Nos. 5, 6, 7 and 8, as follows—

All cheques received are banked daily.

Cash is withdrawn from the bank for use by the cashier and by the petty cashier, when thought necessary.

All cash received for Merchandise Sales is retained in the office by the cashier to meet cash payments. From time to time he pays into the bank cash in excess of his requirements.

As a result, the following changes should be noted in the cashier's method of dealing with his cash—

Jan. 1.	He withdrew from Bank cash	\$100
	He paid cash to petty cashier	40
4.	He purchased merchandise for cash	200
17.	He paid General Expenses in cash	150
	He paid into Bank to reduce cash in office	400
20.	He purchased merchandise for cash	200
30.	He paid into Bank to reduce cash in office	350
31.	He paid General Expenses in cash	150

RECEIPTS

Date	Account to be Credited	Lr Fo.	Vr. Ref.	Discounts etc.	Cash in Office	Cheques, etc., received for Deposit : Memo.	Bank Deposits
Jan. 1	To Capital . . .	1	—			\$5000	\$5000
2	" Bank . . .	—	—		\$100		
4	" Merchandise : Sales . . .	46	C. S. 1		500		
4	" W. Jones . . .	27	1	\$10		490	
	" H. Smith . . .	83	2	10		570	1060
6	" Bills Rec., No. 1 . . .	41	Bills 1	20		980	980
10	" W. Robinson . . .	75	3	8		815	815
	" Merchandise : Sales . . .	46	C. S. 1		200		
12	" R. Hart & Co. . .	29	4	9		845	
	" P. Benson & Co. . .	32	5	15		895	1740
16	" Merchandise : Sales . . .	46	C. S. 2		200		
	" B. Easton . . .	71	6	18		902	
	" G. Macarthur . . .	69	7	20		825	1727
17	" Office . . .	—	—			400	400
18	" Bills Rec., No. 2 . . .	41	Bills 1	25		1240	1240
20	" Merchandise : Sales . . .	46	C. S. 2		150		
	" C. Whitehead . . .	102	8	8		825	
	" M. Byers . . .	105	9	27		1450	2275
26	" W. T. Timmins . . .	21	10	12		1208	1208
30	" Merchandise : Sales . . .	46	C. S. 2		250		
	" Office . . .	—	—				350
31	" Merchandise : Sales . . .	46	C. S. 2		300		
	" T. Mitchell & Co. . .	18	11	25		1567	
	" C. Cook . . .	107	12	17		843	
	" H. Dawson . . .	27	13	37		1725	4135
				<u>\$261</u>	<u>\$1700</u>		<u>\$20930</u>
	Debit— Discounts, Debits \$261 Office Cash 1700 Bank 20930 <u>\$22891</u>	23 200 17					
Feb. 1	To Balance b/d . . .				\$210		\$8177

PAYMENTS

Date	Account to be Debited	Lr. Fo.	Vr. Ref.	Discounts, etc.	Cash Payments	Bank Withdrawals
a. 1	By Office	—	—			\$200
			P. C. B.			
1	" Petty Cashier	3	1		\$40	
4	" J. Jeffreys	120	2	\$28		1462
6	" Merchandise : Purchases	41	1		200	
	" Furniture and Fixtures	5	3			400
9	" H. Gregson & Co.	125	4	25		1428
	" G. Doncaster & Co.	147	5	18		824
11	" H. Findley	151	6	19		921
12	" A. Graham & Co.	130	7	21		1025
13	" Phoenix Oil Co.	135	8	5		433
17	" Furniture and Fixtures	5	9			200
	" General Expenses	12	10		150	
	" Bank	—	—		400	
19	" J. Byers & Co.	152	11	4		246
20	" Merchandise : Purchases	41	20		200	
	" Palatine Manuf'g Co.	157	12	23		1427
23	" Fernie Shipping Co.	142	13			623
26	" Bills Payable, No. 21	38	14	24		1564
	" Merchandise : Purchases	41	21			200
30	" L. Belanger & Co.	138	19			600
	" Bank	—	—		350	
31	" General Expenses	12	18		150	
	" Salaries	7	15			500
	" Rent	9	16			200
	" Private Drawings	15	17			600
					1490	12753
	" Balances carried down	—	—		210	8177
				\$167	\$1700	\$20930
	Credit—					
	Discounts : Credits \$167	25				
	Office Cash 1490	200				
	Bank 12753	17				
	<u>\$14410</u>					

Ruling Cash Book. No. 6. Groups N, R.

All receipts not banked daily.
Large sums of cash retained in office, and large
Additional columns for segregation of items by

RECEIPTS

Date	Account to be Credited	Lr. Fo.	Vr. Ref.	Trade Debtors Ledger	General Ledger	Discounts, etc.	Cash in Office	Cheques, etc. for Deposit	Bank Deposits
Jan. 1	To Capital . . .	1	—		\$5000			\$5000	
	" Bank . . .	—	—				\$100		\$5000
3	" Merchandise: Sales . . .	46	C. S. 1	500			500		
4	" W. Jones . . .	27	1	\$500		10		490	
	" H. Smith . . .	83	2	580		10		570	1060
6	" Bills Rec'ble, No. 1 . . .	41	Bills 1		1000	20		980	
10	" W. Robinson . . .	75	3	823		8		815	980
	" Merchandise: Sales . . .	46	C. S. 1		200		200		815
12	" R. Hart & Co. . .	29	4	854		9		845	
	" P. Benson & Co. . .	32	5	910		15		895	1740
16	" Merchandise: Sales . . .	46	C. S. 2		200		200		
	" B. Easton . . .	71	6	920		18		902	
	" G. Macarthur . . .	69	7	845		20		825	1727
17	" Office . . .	—	—					400	400
18	" Bills Rec'ble, No. 2 . . .	41	Bills 1		1265	25		1240	1240
20	" Merchandise: Sales . . .	46	C. S. 2		150		150		
	" C. Whitehead . . .	102	8	833		8		825	
	" M. Byers . . .	105	9	1477		27		1450	2275
26	" W. Timmins . . .	21	10	1220		12		1208	1208
	" Merchandise: Sales . . .	46	C. S. 2		250		250		
30	" Office . . .	—	—					350	350
31	" Merchandise: Sales . . .	46	C. S. 2		300		300		
	" T. Mitchell & Co. . .	18	11	1592		25		1567	
	" C. Cook . . .	107	12	860		17		843	
	" H. Dawson . . .	27	13	1762		37		1725	4135
				\$13176	\$8865	\$261	\$1700		\$20930

JANUARY SUMMARY

Receipts Side. Debits:	Discounts, Debits . . .	\$261	Lr. F.	23
	Office . . .	1700		200
	Bank . . .	20930		17
Payments Side. Debits:	Trade Creditors Ledger Control . . .	9132		54
	Petty Cashier . . .	40		3
	Merchandise: Purchases . . .	600		41
	Furniture and Fixtures . . .	600		5
	General Expenses . . .	300		12
	Salaries . . .	500		7
	Rent . . .	200		9
	Private Drawings . . .	600		15
	Bills Payable . . .	1588		38
		\$36451		
Feb. 1	To Balance b/d . . .	\$210		\$8177

nents made out of that cash.
gers, so that Control or Total amounts may be used.

PAYMENTS

[illegible]

Receipts Side. <i>Credits:</i>	Trade Debtors Ledger Control	\$13176	Lr. F.
	Capital	5000	52
	Merchandise: Sales	1600	1
	Bills Receivable	2265	46
Payments Side. <i>Credits:</i>	Discounts, Credits	167	41
	Office	1490	25
	Bank	12753	200
			17
		<u>\$36431</u>	

Ruling Cash Book. No. 7. Group H.*Alternative to No. 5 Cash Book.*

All receipts not banked daily.

Large sums of cash retained in the office, and large payments made out of that cash.

NOTE. The main underlying idea of this Cash Book is that everything passes through the office.

Receipts of Cash and Cheques, proceeds of Bills and Notes Receivable are debited to the "Cash and Cheques through Office" column on the Receipts side. If they are deposited in the bank, or their proceeds go into the bank, they are credited through the "Cash and Cheques through Office" column on the Payments side. Thus a Bill Receivable discounted at the bank will be first entered on the Receipts side, and then the proceeds will be recorded on the Payments side, as a deposit in the bank.

Payments of cash are recorded in the "Cash and Cheques through Office" column on the Payments side. When a cheque is drawn on the bank it is entered in the "Cash and Cheques through Office" column, as if the money had been drawn from the bank, and then through the corresponding column on the Payments side. A Bill Payable item is treated similarly, that is to say, as if money had been drawn from the bank, and then paid out to meet the bill.

The difference between the two columns "Cash and Cheques through Office" will give the cash and cheques in the office not yet deposited in the bank.

RECEIPTS

Date	Account to be Credited	Lr. Fo.	Vr. Ref.	Discounts, etc.	Cash and Cheques through Office
an. 1	To Capital	1	—		\$5000
1	" Bank	17	—		100
2	" Merchandise : Sales	46	C. S. 1		500
4	" W. Jones	27	1	\$10	490
	" H. Smith	83	2	10	570
	" Bank (Note : Jeffreys' cheque)	17	—		1462
6	" Bills Receivable, No. 1	41	Bills 1	20	980
	" Bank	17	—		1400
9	" Bank	17	—		1428
	" Bank	17	—		824
10	" W. Robinson	75	3	8	815
	" Merchandise : Sales	46	C. S. 1		200
11	" Bank	17	—		921
12	" Bank	17	—		1025
	" R. Hart & Co.	29	4	9	845
	" P. Benson & Co.	32	5	15	895
13	" Bank	17	—		433
16	" Merchandise : Sales	46	C. S. 2		200
	" B. Easton	71	6	18	902
	" G. Macarthur	69	7	20	825
17	" Bank	17	—		200
18	" Bills Receivable, No. 2	41	Bills 1	25	1240
19	" Bank	17	—		246
20	" Merchandise : Sales	46	C. S. 2		150
	" Bank	17	—		1427
	" C. Whitehead	102	8	8	825
	" M. Byers	105	9	27	1450
23	" Bank	17	—		623
26	" W. Timmins	21	10	12	1208
	" Merchandise : Sales	46	C. S. 2		250
	" Bank	17	—		1564
	" Bank	17	—		200
30	" Bank	17	—		600
31	" Merchandise : Sales	46	C. S. 2		300
	" T. Mitchell & Co.	18	11	25	1567
	" C. Cook	107	12	17	843
	" H. Dawson	27	13	37	1725
	" Bank	17	—		500
	" Bank	17	—		200
	" Bank	17	—		600
				\$261	\$34533
	Debit Discount	\$261	23		
	Office	34553	200		
		\$34814			
Feb. 1	To Balance b/d				\$210

PAYMENTS

Date	Account to be Debited	Lr. Fo.	Vr. Ref.	Discounts, etc.	Cash and Cheques through Office
Jan. 1	By Bank	17	—		\$5000
1	" Petty Cashier	3	P.C.B. 1		40
4	" Bank (Note : Jones & Smith, cheques)	17	—		1060
	" J. Jeffreys	120	2	\$28	1462
	" Merchandise : Purchases	41	1		200
6	" Bank	17	—		980
9	" Furniture and Fixtures	5	3		400
	" H. Gregson & Co.	125	4	25	1428
	" G. Doncaster & Co.	147	5	18	824
10	" Bank	17	—		815
11	" H. Findlay	151	6	19	921
12	" A. Graham & Co.	130	7	21	1025
	" Bank	17	—		1740
13	" Phoenix Oil Co.	135	8	5	433
16	" Bank	17	—		1727
	" Furniture and Fixtures	5	9		200
	" General Expenses	12	10		150
	" Bank	17	—		400
18	" Bank	17	—		1240
19	" J. Byers & Co.	152	11	4	246
20	" Merchandise : Purchases	41	20		200
	" Palatine Manuf'g Co.	157	12	23	1427
	" Bank	17	—		2275
23	" Fernie Shipping Co.	142	13		623
26	" Bank	17	—		1208
	" Bills Payable, No. 21	38	14	24	1564
	" Merchandise : Purchases	41	21		200
30	" L. Belanger & Co.	138	19		600
	" Bank	17	—		350
31	" Bank	17	—		4135
	" General Expenses	12	18		150
	" Salaries	7	15		500
	" Rent	9	16		200
	" Private Drawings	15	17		600
				\$167	34323
	" Balance c/d: Cash in Office				210
					<u>\$34533</u>
	Credit Discount	\$167	25		
	Office	34323	200		
		<u>\$34490</u>			

Bank columns may be added so that bank transactions for a month may be totalled and posted to the ledger in total a month at a time.

If this is done, instead of repeating the cheques drawn in the "Office" column, as well as in the "Bank Withdrawals" column, they may be entered in the "Office" column in daily totals. This is shown below, but is not repeated in Cash Book No. 6, so that it may the more easily be compared with Cash Book No. 5.

Date	Account to be Credited	Lr. Fo.	Vr. Ref.	Bank Withdrawals	Discounts, etc.	Cash and Cheques through Office	Date	Account to be Debited	Lr. Fo.	Vr. Ref.	Bank Deposits	Discounts, etc.	Cash and Cheques through Office
Jan. 31	Forward To Merchandise:						Jan. 31	By Bank:					
	Sales:	46	C. S. 2	\$11453	\$182	\$28798		" General			\$16995	\$167	\$28738
	" T. Mitchell & Co.	18	11			300		" Expenses	12	18	4135		4135
	" C. Cook	107	12		25	1567		" Salaries	7	15			150
	" H. Dawson	27	13		17	843		" Rent	9	16			500
	" Bank	—	—		37	1725		" Private					200
	" Bank	—	—					" Drawings	15	17			600
	" Bank	—	—			1300							
	" Balance c/d:			\$12753	\$261	\$34533		" Balance b/d:			\$20930	\$167	\$34313
	" Credit at Bank			8177				" Cash in Office					210
				\$20930		\$34533					\$20930		\$34533
	Debit:							Credit:					
	Discounts \$261	23						Discounts \$167	25				
	Office 34533	200						Office 34323	200				
								\$34490					
	\$34814							Debit:					
	Bank \$12753	17						Bank					
Feb. 1	To Balance b/d:					\$210	Feb. 1	By Balance c/d:			\$8177		
	Cash in Office							Credit at Bank					

Ruling Cash Book. No. 8. Groups N, R.*Alternative to No. 6 Cash Book*

All receipts not banked daily.

Large sums of cash retained in the office, and large payments made out of that cash.

Additional columns for segregation of items by Ledgers, so that Control or Total Accounts may be used.

This Cash Book is best explained to the student in a manner similar to that recommended for No. 4.

Columns 4 and 5, 9 and 10 will be understood from the use of No. 7. Columns 1, 2, and 3 contain extensions of the totals of the figures entered in columns 4 and 5. Columns 6, 7, and 8 contain extensions of the totals of the figures entered in columns 9 and 10.

RECEIPTS

			(1)	(2)	(3)		(4)	(5)
Date	Account to be Credited	Lr. Fo	Trade Debtors or A/cs R. Lr.	General Ledger	Bank Withdrawals	Vr. Ref.	Discounts, etc.	Cash and Cheques through Office
Jan 1	To Capital	—		\$5000		—		\$5000
"	" Bank	—			\$100	—		100
"	" Merchandise: Sales	46		500		C. S. 1		500
"	" W. Jones	27	500			1	\$10	490
"	" H. Smith	83	580			2	10	570
"	" Bank	—			1462	—		1462
"	" Bills Rec'ble, No. 1	—		1000		Bills 1	20	980
"	" Bank	—			400	—		400
"	" Bank	—			1428	—		1428
"	" Bank	—			824	—		824
"	" W. Robinson	73	823			3	8	815
"	" Merchandise: Sales	—		200		C. S. 1		200
"	" Bank	—			921	—		921
"	" Bank	—			1025	—		1025
"	" R. Hart & Co.	29	854			4	9	845
"	" P. Benson & Co.	32	910			5	15	895
"	" Bank	—			433	—		433
"	" Merchandise: Sales	—		200		C. S. 2		200
"	" B. Easton	71	920			6	18	908
"	" G. Macarthur	69	845			7	20	825
"	" Bank	—			200	—		200
"	" Bills Rec'ble, No. 2	—		1265		Bills 11	25	1240
"	" Bank	—			246	—		246
"	" Merchandise: Sales	—		150		C. S. 2		150
"	" Bank	—			1427	—		1427
"	" C. Whitehead	102	833			8	8	825
"	" M. Byers	105	1477			9	27	1450
"	" Bank	—			623	—		623
"	" W. Timmins	21	1220			10	12	1208
"	" Merchandise: Sales	—		250		C. S. 2		250
"	" Bank	—			1564	—		1564
"	" Bank	—			200	—		200
"	" Bank	—			600	—		600
"	" Merchandise: Sales	—		300		C. S. 2		300
"	" T. Mitchell & Co.	18	1592			11	25	1567
"	" C. Cook	107	860			12	17	843
"	" H. Dawson	27	1762			13	37	1725
"	" Bank	—			500	—		500
"	" Bank	—			200	—		200
"	" Bank	—			600	—		600
			\$13176	\$8865	12753		\$261	34533
	To Balance c/d: Credit at Bank				8177			
					\$20930			\$34533
Jan. 31	Debit: Discount, Debits Office Credit: Trade Debtors, Ledger Control Capital Merchandise: Sales Bills Receivable Bank	23 200 52 46 41 17	261 34533 13176 5000 1600 2263 12753					
			\$34794	\$34794				
Feb. 1	To Balance b/d: Cash in Office							\$210

PAYMENTS

			(6)	(7)	(8)	(9)	(10)
ate	Account to be Debited	Lr. Fo.	Trade Creditors or A/cs R. Lr.	General Ledger	Bank Deposits	Vr. Ref.	Cash and Cheques through Office
1. 1	By Bank	—			\$5000	—	\$5000
	" Petty Cashier	—		\$40		P.C.B.	40
4	" Bank	—			1060	1	1060
	" J. Jeffreys	120	\$1490			2	1460
	" Merchandise:	—					
	" Purchases	—		200		1	200
6	" Bank	—			980	—	980
	" Furniture and	—					
	" Fixtures	—		400		3	400
9	" H. Gregson & Co.	125	1453			4	1488
	" G. Doncaster & Co.	147	842			5	842
10	" Bank	—			815	—	815
11	" H. Findlay	151	940			6	921
12	" A. Graham & Co.	130	1046			7	1025
	" Bank	—			1740	—	1740
13	" Phoenix Oil Co.	135	438			8	433
16	" Bank	—			1727	—	1727
17	" Furniture and	—					
	" Fixtures	—		200		9	200
	" General Expenses	—		150		10	150
	" Bank	—			400	—	400
18	" J. Byers & Co.	152	250		1240	—	1240
19	" Merchandise:	—				11	246
20	" Purchases	41		200		20	200
	" Palatine Manfg. Co.	157	1450			12	1487
	" Bank	—			2275	—	2275
23	" Fernie Shipping Co.	142	623			13	623
26	" Bank	—			1208	—	1208
	" Bills Payable, No. 1	—		1588		14	1564
	" Merchandise:	—					
	" Purchases	—		200		21	200
30	" L. Belanger & Co.	138	600			19	600
	" Bank	—			350	—	350
31	" Bank	—			4135	—	4135
	" General Expenses	—		150		18	150
	" Salaries	—		500		15	500
	" Rent	—		200		16	200
	" Private Drawings	—		600		17	600
			\$9132	\$4428	20930		\$34383
	By Balance c/d:						210
	Cash in Office				\$20930		\$34533
n. 31	Debit:						
	Trade Creditors,	54	\$9132				
	Ledger Control	3	40				
	Petty Cashier	—					
	Merchandise:	—					
	" Purchases	41	600				
	" Furniture and	—					
	" Fixtures	5	600				
	" General Expenses	12	300				
	" Salaries	7	500				
	" Rent	9	200				
	" Private Drawings	15	600				
	" Bills Payable	38	1588				
	" Bank	17	20930				
	Credit:						
	Discounts, Credit	25		167			
	Office	200		34323			
			\$34490	\$34490			
a. 1	By Balance b/d:				\$8177		
	Credit at Bank						

Ruling Cash Book. No. 9.

The student, having learned the use of the preceding cash be developed and changed, in order to suit the needs of tion of No. 4, the letters indicating how the

[illegible]

books, Nos. 4, 6, and 8, should study how their rulings can differ businesses. The ruling given below is an elaborate—original columns have been subdivided.

F												G												G												H												H												I											
Date	Account to be Debited	Lr. Fo.	Vr. Ref.	Trade Creditors Ledger	General Ledger	Salaries and Wages	General Expenses	M'dse. Cash Purchases	Coll's and Credits Excha.	Purchase Cash Disct.	Withdrawals Bank																																																												
											A/c No. 1	A/c No. 2																																																											
Jan. 2	Petty Cashier	—	P.C.B		\$40						\$40																																																												
4	Merchandise:		1																																																																				
	Purchases	—	1					\$200				\$200																																																											
	J. Jeffreys	120	2	\$1490						\$28	1462																																																												
6	Furniture and Fixtures	—	3		400						400																																																												
9	H. Gregson & Co.	125	4	1453						25	1428																																																												
	G. Doncaster & Co.	147	5	842						18	824																																																												
11	H. Findlay	151	6	940						19	921																																																												
12	A. Graham & Co.	130	7	1046						21	1025																																																												
13	Phoenix Oil Co.	135	8	438						5	433																																																												
17	Furniture and Fixtures	—	9		200						200																																																												
	General Expenses	—	10				\$150					150																																																											
19	J. Byers & Co.	152	11	250						4	246																																																												
20	Palatine Manfg. Co.	157	12	1450						23	1427																																																												
	Merchandise:																																																																						
	Purchases	41	20					200				200																																																											
23	Fernie Shipping Co.	142	13	623							623																																																												
26	Bills Payable, No. 1	—	14		1588				\$24		1564																																																												
	Merchandise:																																																																						
	Purchases	—	21					200				200																																																											
30	L. Belanger & Co.	138	19	600		\$500					600																																																												
31	Salaries	—	15									500																																																											
	Rent	—	16		200						200																																																												
	General Expenses	—	18				150					150																																																											
	Private Drawings	—	17		600						600																																																												
					\$9132	\$3028	\$500	\$300	\$600	\$24	\$143	\$11993	\$1400																																																										
Jan. 31	By Balance c/d											8187	200																																																										
												\$20180	\$1600																																																										
Jan.	Debit:																																																																						
	Trade Creditors, Ledger Control	54		\$9132																																																																			
	Petty Cashier	3		40																																																																			
	Furn. & Fixtures	5		600																																																																			
	Bills Payable	38		1588																																																																			
	Rent	9		200																																																																			
	Private Drawings	15		600																																																																			
	Salaries & Wages	7		500																																																																			
	General Expenses	12		300																																																																			
	M'dse.: Purchases	41		600																																																																			
	Credit:																																																																						
	Coll's & Exchange	205			\$24																																																																		
	Disct.: Purchases	25			143																																																																		
	Bank, No. 1	17			11993																																																																		
	Bank, No. 2	209			1400																																																																		
					\$13560	\$13560																																																																	

The headings for the columns in Cash Book No. 9 should read^{as} follows, expressed in full—

Column	Headings in Full	Suggested Abbreviations
	Date	Date
	Account to be Credited	A/c to be Cred.
	Ledger Folio	L.F.
	Voucher Reference	V.R.
A	Trade Debtors Ledger: Northern District	T.D.L. North
A	Trades Debtors Ledger: Southern District	T.D.L. South
B	General Ledger	Gen. Led.
B	Merchandise Cash Sales	Cash Sales
C	Bills and Notes Charges, Collections and Exchange.	Bills Charges, Col. & Ex.
C	Sales Cash Discounts	Sales Discounts
D	Sundries Receipts	Sundries
E	Deposits in { A/c No. 1	Bank { A/c No. 1
E	Bank { A/c No. 2	Deposits { A/c No. 2
	Date	Date
	Account to be Debited	A/c to be deb.
	Ledger Folio	L.F.
	Voucher Reference	V.R.
F	Trade Creditors Ledger	T.C.L.
G	General Ledger	Gen. L.
G	Salaries and Wages	Sal. & Wgs.
G	General Expenses	Gen. Ex.
G	Merchandise Cash Purchases	Cash Purchases
H	Bills and Notes Credits and Exchange	Bills, Credits, Exchange
H	Purchase Cash Discounts	Purchase Discs.
I	Withdrawals { A/c No. 1	Bank { A/c No. 1
I	from Bank { A/c No. 2	Withdrawals { A/c No. 2

Ruling General Journal. No. 10.

Date	Accounts to be Debited and Credited	Vr.	L.F.	Debits	Credits
Dec. 1	<i>K. Leslie</i> Dr. to <i>Returns of Purchases</i> For Merchandise returned as not being up to sample, see <i>Debit Trade Creditors Lr. Control A/c</i>	245	106 24 85	\$125	\$125
7	<i>L. Gordon & Co.</i> Dr. to <i>Bills Payable</i> For Bill Payable No. 146 in settlement of their A/c to Nov. 30 as per <i>Debit Trade Creditors Lr. Control A/c</i>	B. 27	115 30 85	2000	2000
8	<i>Allowances on Sales</i> Dr. to <i>G. Williams</i> For allowance made them for damaged merchandise as per <i>Credit Trade Debtors Lr. Control A/c</i>	C/N 354	20 315 95	245	245
11	<i>Office Equipment</i> Dr. to <i>J. Fells & Co.</i> For various items of equipment as per Invoice <i>Credit Trade Creditors Lr. Control A/c</i>	P. Inv. 1054	10 120 85	600	600
14	<i>Bills Receivable</i> Dr. to <i>G. Henson & Co.</i> For Bill Receivable No. 322 in settle- ment of their a/c to Nov. 30 as per <i>Credit Trade Debtors Lr. Control A/c</i>	B. 58	35 320 95	3000	3000
16	<i>W. Fowler</i> Dr. to <i>Bills and Notes, Collections</i> <i>and Exchange</i> For charges on renewing his Bill Re- ceivable No. 325 <i>Debit Trade Debtors Lr. Control A/c</i>	B. 58	330 45 95	125	125
31	<i>General Office Expenses</i> Dr. to <i>Accrued Expenses, Suspense</i> For charges as follows (here details should follow) not yet brought into books.		50 75	75	75
31	<i>Trading</i> Dr. to (Sundries)— <i>Merchandise Inventory</i> (Inventory at July 1st) <i>Purchases : Credit</i> <i>Purchases : Cash</i> <i>Inward Frt., etc., on Purchases</i> <i>Allowances on Sales</i> <i>Returns of Sales</i> <i>Outward Frt., etc., on Sales co-</i> <i>vered in Selling Price</i> Transfers to close accounts for 6 months to date.		55 60 65 70 73 20 18 16	187000 10000 150000 8000 2000 6000 4000 7000	

Date	Accounts to be Debited and Credited	Vr.	L.F.	Debits	Credits
Dec. 31	Sundries— Dr. to Trading		55		318000
	Sales : Credit		12	280000	
	Sales : Cash		14	15000	
	Allowances on Purchases		62	5000	
	Returns of Purchases		24	3000	
	Merchandise Inventory	Invty. File 25	60	15000	
	Inventory at Dec. 31st				
31	Trading		55	131000	
	Dr. to Profit and Loss or General Operating		80		131000
	Transfer of Gross Profit for period.				
31	Purchase Cash Discounts		102	1500	
	Dr. to Profit and Loss or General Operating		80		1500
	Transfer of Profit on Purchase Cash Discounts.				
31	Profit and Loss or General Operating		80	21240	
	Dr. to— Sales Dept. Expenses		115		2000
	Salesmen's Salaries		125		5000
	General Office Salaries		130		8000
	General Office Expenses		135		3000
	Reserve for Depreciation on Office Equipment		7		250
	5% p.a. for 6 mos. on \$10,000.				
	Sales Cash Discounts		106		1800
	Bills and Notes, Collections and Expenses		110		775
	Reserve for Bad Debts		100		375
	$\frac{1}{2}$ of 1% on Gross Credit Sales, \$150000.				
	Fire Insurance : Office		140		40
	Writing off $\frac{1}{2}$ of premium of a 3 years' policy.				
	Transfer of various charges and ex- penses for six months to date.				
31	Profit and Loss or General Operating		80	111260	
	Dr. to Private Drawings		3		111260
	Transfer of Net Profit for six months to date.				
				\$776170	\$776170

- NOTE 1. The General Journal should be totalled so that certain clerical errors may be eliminated.
- The headings of amounts recording charges, expenses, and profits for *Profit and Loss* or *General Operating* are not intended to be a suggestion of all that are usually necessary: those given are only representative, so that the student may see how closing entries should be made.
 - Some may prefer to write Allowances on Sales, etc., against sales, so as to produce the Net Credit Sales; and to do the same to produce Net Credit Purchases.

Ruling General Journal. No. 11.

Suitable for an office where a large number of entries, affecting both Trade Debtors or Accounts Receivable Ledger Control Account and Trade Creditors or Accounts Payable Ledger Control Account, are passed through the General Journal.

Debits are segregated in columns according to their ledgers, and Credits are treated similarly.

Date	Accounts to be Debited and Credited	Vr.	L.F.	Debits			Credits		
				Trade Debtors or A/cs Receivable	Trade Creditors or A/cs Payable	General or Private Ledger	Trade Debtors or A/cs Receivable	Trade Creditors or A/cs Payable	General or Private Ledger
Dec. 1	<i>K. Leslie</i> Dr. to <i>Returns of Purchases</i> For Merchandise returned as not being up to sample.		106 24		\$125				\$125
7	<i>L. Gordon</i> Dr. to <i>Bills Payable</i> For Bill Payable No. 146 on settlement of their A/c to Nov. 30th.	B. 27	115 30		2000				2000
8	<i>Allowances on Sales</i> Dr. to <i>G. Williams</i> For allowance made them for damaged m'dse.	C/N 354	20 315		\$245		\$245		
12	<i>Office Equipment</i> Dr. to <i>J. Falls & Co.</i> Various items as per Invoice	P. In. 1054	10 120		600			\$600	
14	<i>Bills Receivable</i> Dr. to <i>G. Hanson & Co.</i> Bill Rec. No. 322 in settlement of their A/c to Nov. 30	B. 58	35 320		3000		3000		
16	<i>W. Fowler</i> Dr. to <i>Bills and Notes, Coll'n and Exchange</i> For charges renewing his Bill Rec. No. 325.	B. 58	330 45	\$125					125
	<i>Note.</i> The remainder of the entries in No. 10 are not repeated, as they only concern the General, Private, or Impersonal Ledger columns. These entries total as follows					770075			770075
	The Journal would be closed for the month as follows			125	2125	773920	3245	600	772325
	<i>Debit:</i> Trade Drs. Lr. Control Trade Crs. Lr. Control Gen. Ledger: Sundries		95 85	\$125 2125 773920					
	<i>Credit:</i> Trade Drs. Lr. Control Trade Crs. Lr. Control Gen. Ledger: Sundries		95 85	\$3245 600 772325					
				776170					

Ruling Purchases (or Sales) Journal. No. 12.

GROUPS F, G, H, I, J, L, M, N, O

Date	Account to be Credited (Purchases) " " Debited (Sales)	L.F.	Vr.	Amount of Invoice
Jan. 1	W. Smith	36	145	\$4500
15	L. Stephens	48	146	2000
31	H. Johnstone	73	147	5400
	¹ Debit Merchandise Purchases	26	—	11900
	¹ Credit Trade Creditors Lr. Control	54	—	11900
	Accounts Payable Lr. Control	54	—	

¹ In the case of the Sales Journal these items would appear as follows—
Credit Merchandise Sales
Debit Trade Debtors or Accounts Receivable Lr. Control

Ruling Purchases (or Sales) Journal. Columnar or Departmental. No. 13.

GROUPS K, N, R, X

Date	Account to be Credited (Purchases)	L.F.	Vr.	Total of Invoice	Cottons	Silks	Woollens
Jan. 1	W. Smith	36	145	\$4500	\$1500	\$2000	\$1000
15	L. Stephens	48	146	2000	500	1000	500
31	H. Johnstone	73	147	5400	2400	2000	1000
	Credit Trade Crs. or A/cs Payable Ledger Control	54		\$11900	\$4400	\$5000	\$2500
	Debit—						
	Cottons : Purchases	26		\$4400			
	Silks : Purchases	29		5000			
	Woollens : Purchases	32		2500			
				\$11900			

Ruling Purchases. Columnar or Departmental. No. 14.

This is an elaboration of No. 13

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Date	Creditor	Terms	Invoice No.	L.F.	Trade Creditors or Accounts Payable, Cr.	Freight Duty and Brokerage, Cr.	Total Laid Down Cost	Cottons	Silks	Woollens	Linens		Sundries
Jan. 1	W. Smith, Toronto	n/30	145	36	\$4,500	\$425	\$4,925	\$1,625	\$2,200	\$1,100			
3	Kavanagh & Co., Printers, Montreal	1/10 n/30	146	84	120	—	120						
4	Burns Linen Co., Montreal	n/30	147	80	2000	150	2150				\$2,150		Office Supplies

The amount of the Invoice is entered in column (6), and from there credited to the creditor concerned.

Freight, Duty, and Brokerage on the purchase are entered in column (7), and the total of columns (6) and (7) is entered in column (8).

The figure in column (8) is then distributed over columns (9) to (13).

If an invoice contains items for more than one column, the distribution of the Freight, Duty and Brokerage over the departments can be noted on the face of the invoice.

The monthly total of the Trade Creditors or Accounts Payable column is posted to the credit of the Ledger Control Account concerned.

The Monthly total of the Freight, Duty, and Brokerage column or its analysis is posted to the credit of their account or accounts in the Private or General Ledger.

The Totals of columns (9) to (12) are posted to the debit of the Purchases concerned.

Column (13) should be analysed and the summary posted to the debit of the accounts concerned.

The posting of these totals can be done best from a Monthly Summary, which will show the totals of columns (9) to (12) plus the analysis of column (13) agreeing with the total of columns (6) and (7).

Ruling Voucher Register. No. 15.

The Voucher Register is a development of the Purchase Journal. Columns No. (1) to (14) from Ruling, Purchase Journal, No. (14) are repeated in the ruling below.

A concern which pays its accounts regularly can dispense with the {Accounts Payable or Trade Creditors} Ledger, or Purchase

The account, which would have been the Control or Total Account for that Ledger, remains in the General Ledger, but is called the "Vouchers Payable" Account.

The items are entered as in the Purchase Journal. All accounts are settled at the close of the month, and the date and manner of settlement are recorded in the columns provided, Nos. (15) to (26).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
Date	Creditor	Terms	Inv. No.	Lr. No.	Amount of Voucher	Freight, Total Duty & Bro. Cr.	Total Laid Down, Cost	Departmental Purchases				Sundries		Settlements											
								Cot- tons	Silks	Wool- lens	Lin- ens	Ledg. A/c	Date	Paid by		Dis- count	Al- low- ance	Returns				Sundries		Total	
														Cash or Cheque	Bill or Note Pay- able			Cot- tons	Silks	Wool- lens	Lin- ens	Ledg. A/c			
Jan. 1	W. Smith, Toronto	30 days	145	36	\$ 4500	\$ 425	4925	\$ 1625	\$ 2200	\$ 1100	\$	\$	\$	Jan. 31	\$ 4500	\$	\$	\$	\$	\$	\$	\$	\$	\$	4500

At the end of the month the total of column (6) is posted to the credit of "Vouchers Payable Account." The total of column (7) or its analysis is credited to its account or accounts, and the totals of columns (9) to (12) and the analysis of column (13) are debited to the appropriate accounts. These monthly debits and credits should be shown in a summary as has been done for Rulings (4), (6), (8), (9) and (11).

The totals of the columns under the heading "Settlements" should be summarized similarly. The total of column (26) is posted to the debit of "Vouchers Payable Account." Column (16) will already be credited to the Bank and Cash through the Cash Book. Column (18) will have been dealt with through the Cash Book, having recorded Cash Discount. The totals of columns (17), (19), (20) to (23), and the analysis of column (24) are posted to the credit of the appropriate accounts.

The difference between columns (6) and (26) will give the total of vouchers (for purchases and charges) unpaid at the close of the month. A list of these unpaid accounts should be prepared and recorded separately from the figures for the following month, so that they can be dealt with specially, and confusion be avoided. As soon as the Voucher Register is closed for a month, no further records must be made in the section closed off. The settlement of accounts for that month, if dealt with late, must be recorded specially.

Ruling Bills and Notes Payable. No. 16. { This Bill Register will be a subsection of the original General Journal, postings being made direct from it to the Ledgers.

Date	No. of Bill	Drawer	In whose Favour Drawn or Promisee	Personal Account to be Debited	Lr. Fo.	Amount	Where Payable	Date of Bill	Tenor	Due Date	Remarks
Jan. 9	109	Brown & Co.	J. Hill & Co.	Brown & Co.	1036	\$2000	Bank of Montreal, Montreal	Jan. 9	30 days from date	Feb. 11	Charged to our A/c at Bank
20	110	H. Renwick & Co.	H. Renwick & Co.	H. Renwick & Co.	837	3000	Bank of Montreal, Montreal	Jan. 17	2 months from date	Feb. 23	Retired under discount, charged to our A/c at Bank
24	111	W. Gamble & Co.	Thompson, Anderson & Co.	Cory Bros., Melbourne	1234	4000	Bank of Montreal, Montreal	Jan. 20	3 months from date	Apr. 27	
			Credit: Bills Payable A/c Debit: Trade Creditors	Lr. Control	28	\$9000					
				A/cs Payable	54	\$9000					

When a Bill Payable is renewed, it will be re-credited through the General Journal to the account previously debited with it, the adjustment to the Control or Total Account being made from the General Journal. Any extra charges not paid at the time of the renewal will also be credited to the account. The new Bill Payable will be entered as before.

Ruling Bills and Notes Receivable. No. 17. { This Bill Register will be a subsection of the original General Journal, postings being made direct from it to the Ledgers.

Date	No.	Acceptor or Promiser	Drawer	Account to be Credited	Lr. Fo.	Amount	Where Payable	Date of Bill	Tenor	Due Date	Remarks
Mar. 1	81	L. Houseman & Co.	J. Drinkwater	H. Meynell & Co.	932	\$6000	Canadian Bank of Commerce, Toronto	Feb. 28	3 months from date	May 31	Discounted with Bank of Montreal, March end, 1928
1	82	E. Leitch & Co.	Selves	E. Leitch & Co.	724	2500	Dominion Bank, Toronto	Feb. 28	2 months from date	May 1	Paid at maturity
			Debit: Bills Receivable Credit: Trade Debtors	Lr. Control	37	\$8500					
				A/cs Receivable	62	\$8500					

When a Bill Receivable is dishonoured or renewed, it will be re-debited through the General Journal to the account previously credited with it, the adjustment to the Control or Total Account being made from the General Journal. In the case of a renewal, any extra charges not paid at the time of renewal will also be debited to the account. The new Bill Receivable will be entered as before.

Ruling Petty Cash Book. No. 18.

RECEIPTS

PAYMENTS

Date	Details	Amount	Date	Details	Total	Postages, Tele- grams, Cables Dr.	Stationery Dr.	Cleaning Dr.	Travelling Dr.	Repairs Office Equip'm't Dr.	Sundries Dr.	Accounts to be Debited for Sundries
Mar. 1	To Balance.	\$24	Mar. 2	Envelopes	\$2		\$2					
1	" Cheque .	26	6	Plate for Door .	8							
			8	Postage Stamps .								
			14	Car Tickets .	6	\$6			\$5	\$2	\$8	Furniture & Fixtures
			20	Repairs to Typewriter	5							
			23	Cable to London, England	2							
			27	Folders: Stimson Station- ery Co. .	6	6						
			31	Janitor for month .	4			\$14				
					14							
				Balance to April .	47	\$12	\$6	\$14	\$5	\$2	\$8	
					3							
					\$50							
				Debit: L.F.								
				Postages .	\$12							
				Stationery .	6							
				Cleaning .	14							
				Travelling .	5							
				Repairs Office								
				Equipment .	3							
				Furniture and	8							
				Fixtures .								
				Credit:								
				Petty Cashier .	\$47							

Scheme of Subdivision for Manufacturing, Trading, Profit and Loss, and other Statements intended to show the history of a concern for a period ; also Notes regarding the Balance Sheet.

When arranging for the financing of a concern, those responsible must first consider—

(a) The total investment necessary to carry on its operations.

This sum may be found partially from capital supplied by the owners (partners or shareholders), and partially from money borrowed (loans made, bonds or debentures issued). This total sum is often referred to as the "Capitalization." It may be necessary to increase it later, and this may be done by the owners supplying further capital, more money being borrowed, or profits being retained in the business. All sums coming under these three categories form the "Capitalization." If any capital has been lost, it will be deducted from this figure, and the result will be the "Net Capitalization."

The concern will be formed to carry on operations of a certain type, or a business of a definite class. This is the regular business of the concern. The type and class may be plural.

(b) Those responsible must consider at regular intervals the results of carrying on their regular business with their capitalization. They must know the net profit or net loss earned by the capitalization in the regular business.

(c) They must know how this net profit or loss is decreased or increased by the payment of interest for those portions of the capitalization, which have been borrowed, by profits and losses which are extraneous to the regular business, and so on.

(d) They must know how the final net increase or net decrease for the period will be disposed of.

(e) They must have a statement which indicates how the concern stands financially at the close of each period—the Balance Sheet.

The scheme given on pages 60-64 is intended to provide for the above.

Under Review	Name of Statement: based on Ledger A/c of same name, unless stated otherwise	Principal Object of Statement	Principal Debits		Principal Credits	
			Main Headings, etc.	Comments	Main Headings	Comments
Factory in Operation, also Operations of Department Purchasing Raw Material.	Manufacturing, based on Work-in-Progress Account or Accounts.	To show cost of Goods Finished or of Jobs or Contracts completed.	(A) Opening Inventory, Work-in-Process. (B) Direct Material put into process. (C) Direct Wages. (D) Direct Expense. (E) Factory Overhead: Variable Ex. (F) Factory Overhead Ex.: Standing.		(1) Cost of Goods Finished or of Jobs and Contracts completed. (2) Closing Inventory Work-in-Process.	Item (2) can be shown as a deduction from Total Debits.
Result of Operations of Sales and Shipping Depts., also Operations of Department Purchasing Finished Goods.	Trading.	To show difference between Cost of Goods Sold and Sales as made by the Sales Department and carried through by the Shipping Department; that is to say, the Gross Profit on Trading.	(G) Opening Inventory of Finished Goods. (H) Cost of Goods Finished, etc., on Purchases of Finished Goods. (I) Inward Freight on Purchases of Finished Goods. (J) Duty on Purchases of Finished Goods. (K) Other direct costs of acquisition for Purchases of Finished Goods. (L) Returns of Sales. (M) Rebates and Allowances on Sales for Damaged Goods, etc. (N) Outward Freight on Sales, which has been covered by a special increase in Selling Prices. (E.g. C.I.F. and C. and F. quotations.) (O) Gross Profit.	Items (I), (J) and (K) should be shown as additions to (H) Purchases. Items (L), (M) and (N) should be shown as deductions from item (3).	(3) Gross Credit Sales. (4) Cash Sales. (5) Returns of Purchases. (6) Rebates and Allowances on Purchases for Damaged Goods, etc.	Items (5) and (6) should be shown as deductions from item (H).
Internal Administration by Chief Executive, Managing Director, Partners as Managers, etc., and their Officers.	General Operating Profit and Loss A/c If no special General Operating A/c.	To show what the "Net Capitalization" has earned in carrying on the business, for which the concern was formed.	(P) Warehousing. (Q) Selling: Direct Selling. (R) Selling: Shipping and Delivery. (S) Administrative and General Financial Management. Expenses, Charges controlled by Officers of the concern, such as: (T) Gross Profit.	Items coming under (T) are expenses and charges of the Regular Business. Items (S) and (Q) can be shown as deductions from (T). It is important that items (T), (S) and (Q)	(7) Gross Profit. (8) Cash Discounts on Purchases. (9) Profits on Exchange. (10) Income from Investments, which are held principally to secure a	Items (8) and (9) can be shown as deductions from (7). Item (10) cannot be dissociated from the Regular Business, under the cir-

various departments, other than the Factory, and Expenses and Charges controlled by those departments.			Cash Discounts on Sales, Collection Charges, Losses on Exchange, Bad Debts. (U) Special losses and expenses, not connected with the Regular Business, such as: (i) Closing-down Expenses of Factory; (ii) Loss due to heavy, sudden, unexpected, and permanent drop in Inventory Values. (V) Net Profit from Regular Business earned by "Net Capitalization."	should not be continued with capital interest charges, as they will tend to offset the profits of the Regular Business. Those responsible for Cash Collections, Granting of Credit, Internal Finance, etc.	controlling interest in other businesses, so that the profits of the Regular Business can be enhanced by that controlling power. (11) Net Loss from Regular Business.	circumstances outlined.
Cost of Financial Administration of Concern for which Owners or Directors are responsible.	Net Income (section of the Profit and Loss A/c if no special Net Income A/c).	To show the net increase or decrease to Proprietorship or Net Worth of the concern, as a result of all operations, whether of the Regular Business or otherwise.	(W) Net Loss from Regular Business. (X) Charges for "Capitalization" which has been raised on loan, e.g.: (i) Interest on Bonds and Debentures. (ii) Interest on Long-term Loans. (Y) Losses from Operations outside the Regular Business. (Z) Net Income for the Period.		(12) Net Profit from Regular Business. (13) Income from Investments, the holding of which has nothing to do with the Regular Business. If these Investments are sold it will not affect the profit-earning capacity of the Regular Business. (14) Profits from Operations outside the Regular Business. (15) Total Loss for the Period.	
Shareholders' or Owners' Return for their Investment. Financing for Future Out of Profits.	Revenue Surplus or Appropriation.	Disposal of Net Income or Total Loss for period.	(AA) Total Loss for the Period. (BB) Appropriations to cover Losses belonging to prior periods. (CC) Appropriations to General Reserves of Profits. (DD) Interest on Partners' Capital. (EE) Dividends or Transfers to Partners' Current A/cs.		(16) Net Income for Period, belonging to prior periods. (17) Profits to prior periods. (18) Interest on Partners' Overdrawings. (19) Transfers to Capital (as directed by owners, etc). (20) Transfers to Partners' Current Accounts.	

The *Balance Sheet* should summarize the debit and credit balances, which remain after the Profit and Loss Accounts have been written up, in such a manner that the financial position of the concern can be readily grasped.

At least, the following classes of assets and liabilities should be shown separately—

- (a) Cash ;
- (b) Debts owing to the concern from its customers ;
- (c) Debts owing to the concern from its directors, officers, and shareholders respectively, or from its partners if it is owned by a partnership ;
- (d) Stock-in-trade, or inventories of merchandise ;
- (e) Expenditures made on account of future business (*also called* "deferred charges to operation" and "expenses paid in advance") ;
- (f) Lands, buildings, and plant ;
- (g) Goodwill, franchises, patents and copyrights, trade-marks, leases, contracts and licences ;
- (h) Debts owing by the concern secured by mortgage or other lien upon the property of the concern ;
- (i) Debts owing by the concern, but not so secured ;
- (j) In the case of a partnership, the capital contributed by each partner under the terms of the partnership agreement ;

And in the case of a public company or corporation the amounts of common and preferred shares, subscribed for and allotted and the amount paid thereon, showing the amount thereof allotted for services rendered, for commissions, or for assets required since the last annual meeting ; the amounts for common shares should be shown distinctly from those of the preferred shares ;

And in the case of other concerns the amount at the credit of Capital Account, if they have one.

(k) Indirect and contingent liabilities should be shown on the Balance Sheet as a memorandum, if they do not appear as a special liability off-set by some right-of-action with a corresponding value ;

(l) The amount written off on account of depreciation of plant, machinery, goodwill, and similar items, should be shown in the Balance Sheet or in the statements which accompany it.

(m) If a reserve has been made to cover some loss such as bad

debts, cash discounts, or depreciation, it is usually best to show it is a deduction from the asset to which it belongs, as follows—

Trade Debtors or Accounts Receivable	\$234000	
Less : Reserve for Bad Debts	\$1170	
Reserve for Discounts	2340	
	<u>3510</u>	\$230490

In this way, the estimated net present value of the asset to the concern is extended into the main column on the Assets side of the Balance Sheet.

(n) In any case reserves, which have to be made before net profits from operations can be said to have been found, must be grouped separately from reserves, which have been built up by appropriations of profits.

(o) Temporary investments must be shown separately from permanent investments. The former are securities, etc., which should be readily realizable, and are current assets. The latter are of the nature of fixed assets ;

(p) Any special fund of investments should be shown distinctly from other items, e.g.—

<i>Assets Side</i>	<i>Liabilities Side</i>
Bond Redemption Sinking Fund Reserve Invest- ments, in hands of Trus- tees for Bond-holders . . \$154000	Bond Redemption Sinking Fund Reserve . . . \$154000

(q) Treasury stock and losses of capital should be shown as a deduction from capital ;

(r) Organization or preliminary expenses should be shown as a separate item.

The assets and debit balances, and liabilities and credit balances, should be shown in a definite order. The assets, etc., most easily realized could be shown first and those of a fixed but intangible nature (goodwill, etc.) last. The liabilities should correspond. On the other hand, the reverse order may be taken.

NOTES. (1) The General Operating Statement can be further subdivided as follows—

After the Warehousing and Selling, Direct and Shipping, Expenses (P, Q, and R) have been charged against the Gross Profit (7), the balance can be brought down, being called the Net Selling Profit.

After the Administrative and General Expenses (S) have been charged, the balance can be brought down and called the Net Trading Profit.

(2) It will be noted that the operations of the managers and their officers are under review up to the close of the General Operating Statement. From the Net Income Statement onwards the directors (in a public company) or the owners (in a partnership) are immediately responsible for the transactions set out.

(3) The "General Operating" and "Net Income" Statements are subsections of the "Profit and Loss Statement."

(4) The Dominion of Canada and Quebec Companies Acts require items lettered (a) to (l) to be shown separately in Balance Sheets submitted to shareholders at their annual meetings.

*Group A.**Exercises Nos. 1-7.*

Special Features. Ledger Accounts.

Debit and Credit.

Required. Ledger.

Instructions. Write up Ledger Accounts.

Take out a Trial Balance.

Close off Ledger Accounts, bringing down balances ready for next period.

A 1.

The transactions of J. Hanson were as follows—

- Jan. 2. Borrowed \$3000 from W. Smith & Co.
3. Bought on credit tea from Liptons, Ltd, \$3500.
4. Paid Liptons, Ltd. on account, \$1500.
5. Sold tea to W. Nevin, credit, \$3000.
6. Sold remainder tea for cash, \$1050.
7. Received from W. Nevin, cheque, \$3000.
9. Paid Liptons on account, \$500.
10. Paid expenses in cash, \$60.

D. Murray's transactions—

A 2.

- Feb. 1. Started business \$2000 cash in hand.
2. Bought for cash, merchandise \$1800.
6. Sold to Robertson for \$1200 half of the merchandise bought on 2nd Feb.
7. Robertson paid in cash, \$1200.
8. Lent Hanson & Co. cash, \$400.
9. Paid in cash expenses, \$60.
11. Bought on credit merchandise from Morgan & Co., \$600.

Stock of Goods on hand at 11th Feb., \$1500.

Transactions of W. Goforth—

A 3.

- Mar. 19. Started business with stock of goods valued at \$1000.
Cash \$800, and owing Wilson Bros. \$900.
19. Sold to Harrison & Co. goods on credit, \$485.
20. Bought goods from J. Day upon credit, \$408.
21. Paid to J. Day in cash \$300 on account, and paid Wilson Bros. \$250 on account.
22. Received from Harrison & Co. cash, \$485.
24. Paid expenses cash, \$60.

Stock on hand at end of March 24th, \$1100.

Transactions of J. Dickson—

A 4.

- April 2. Started business with \$8000 cash.
4. Bought goods for cash, \$5150.
7. Sold goods on credit to D. Paton, \$4500.
11. Paid in cash, expenses \$50, advertising \$60.
12. Sold goods on credit to L. Ogilvie, \$800.
13. Paid in cash salaries, \$50.
16. Received cash from Paton on account, \$3000.
20. Paid in cash office rent \$40 and expenses \$65.

Stock at end, nil.

Transactions of C. Maxwell—

A 5.

Sept. 3.	Started business with cash	\$500
4.	Paid cash for goods purchased at an auction	300
5.	Bought from Prince & Co. goods on credit	800
7.	Sold goods for cash	250
8.	Paid expenses in cash	150
10.	Sold goods to Robertson & Co. on credit	600
14.	Received from Robertson & Co. cash on account	400
15.	Paid Prince & Co. cash on account	600

Merchandise inventory at 15th September, \$600.

Transactions of M. Atkinson—

A 6.

Aug. 1.	Started business with goods	\$1000
	Cash	500
	Owing to Holmes Bros.	450
3.	Bought from Holmes Bros. goods on credit	300
4.	Sold goods for cash	450
	Paid in cash, wages	50
8.	Paid in cash, office expenses	35
9.	Sold to Rae & Hill, on credit, goods	800
10.	Bought goods for cash	100
11.	Received from Rae & Hill, cash	600
13.	Paid Holmes Bros. cash on account	500
18.	Paid in cash, office expenses	55

Stock of goods on hand at 12th August, \$400.

Transactions of H. Christie—

A 7.

June 2.	Started business with cash	\$6000
4.	Bought a consignment of sugar from Roberts & Co. on credit	7500
	Paid in cash landing and warehouse charges on the sugar bought	150
5.	Paid Roberts & Co. cash on account	3750
6.	Paid office expenses	100
9.	Sold half of consignment of sugar bought from Roberts & Co. for cash	3500
11.	Sold remainder of consignment of sugar to G. Currie on credit	3600
12.	Received from G. Currie cash on account	2750
16.	Paid Roberts & Co. balance due to them	3750
	Paid in cash wages	80
	Office expenses	45

Group B.

Exercises Nos. 8-9.

Special Features. Journalizing.

Required. General Journal.

Ledger.

Instructions.

- No. 8. Enter the transactions in the General Journal.
Post from the General Journal to proper accounts in the Ledger.
Close off the Ledger as before.
Take out a Trial Balance.
- No. 9. In addition to the above, before closing off the Ledger, transfer by Journal entry the Gross Profit and Expenses to Profit and Loss or General Operating Account.

B 8.

On 1st January, J. Williamson started business as a wholesale dealer, with the following assets—

Cash in bank	.	.	.	.	\$10000
Merchandise.	.	.	.	.	1000
Furniture and fixtures	.	.	.	.	1000
Land	.	.	.	.	5000
Building	.	.	.	.	8000

As against these assets he owed \$5000 to W. MacKenzie, part of the purchase price of the land and building, so that W. MacKenzie was a creditor of the business.

Write the following transactions into his Journal and post to his Ledger—

Jan.	1.	Purchased merchandise on credit from P. Brown	.	.	\$5000
	2.	Purchased merchandise on credit from W. Smith	.	.	2500
	3.	Returned merchandise to W. Smith as not being up to sample	.	.	300
	4.	Sold merchandise on credit to H. Jones	.	.	3000
	6.	Made the following credit sales—			
		W. Morgan	.	.	2000
		J. Thomas	.	.	3000
		H. Robinson	.	.	2000
	8.	J. Thomas returned part of goods forwarded to him as not being what he ordered	.	.	500
	10.	Purchased merchandise from P. Brown on credit	.	.	2000
	10.	Sent J. Thomas goods to replace those sent to him in error	.	.	600
	14.	Purchased furniture and fixtures on credit from H. Crawford	.	.	800
	16.	Made the following sales on credit—			
		H. Jones	.	.	1500
		H. Robinson	.	.	700
	18.	Made the following sales on credit—			
		J. Thomas	.	.	3000
		W. Morgan	.	.	900
	25.	Purchased merchandise from W. Smith	.	.	2000
	27.	Sold merchandise on credit to H. Jones	.	.	1200
	31.	Returned merchandise to W. Smith as not being up to sample	.	.	500

His stock of merchandise on hand at the close of the period was valued at \$1400.

B 9.

Jan.	1.	W. Smith started business with—			
		Cash	.	.	\$2000
		Merchandise	.	.	2000
	2.	He purchased merchandise on credit from W. Simpson	.	.	4000
	4.	He sold merchandise for cash	.	.	200
	9.	He paid W. Simpson cash	.	.	1500

Jan. 10.	He sold merchandise on credit to H. Johnson . . .	\$4500
12.	He paid expenses by cash . . .	100
15.	He purchased merchandise on credit from L. Thomas . .	3000
17.	H. Johnson paid cash . . .	4500
19.	He sold merchandise on credit to H. Williams . . .	2200
21.	H. Williams paid cash . . .	1000
26.	He sold merchandise on credit to H. Williams . . .	500
29.	He sold merchandise on credit to H. Johnson . . .	2000
31.	He paid expenses in cash . . .	50

His inventory of merchandise on 31st January totalled \$1000.

*Group C.**Exercises Nos. 10-12.**Special Features.* Writing up Cash Book.*Required.* General Journal.

Cash Book (see Cash Book ruling No. 1).

Ledger.

Instructions.

Enter all the cash items in the Cash Book, closing off the Cash Book monthly.

Journalize the remainder.

From the Cash Book and Journal write up the Ledger.

Transfer the Expenses, etc., to Profit and Loss or General Operating Account.

Take out a Trial Balance.

C 10.

W. Robinson commenced business on 1st January with cash \$5000.

Jan.	1.	He purchased merchandise for cash	\$2000
		He purchased office equipment for cash	500
		He purchased merchandise on credit from W. King	4000
	15.	He sold merchandise on credit to J. MacIntyre	3000
	31.	He paid expenses in cash	500
Feb.	2.	He sold merchandise for cash	200
	8.	He sold merchandise on credit to H. James	1000
	18.	He purchased merchandise on credit from L. Hughes	2000
	24.	J. MacIntyre paid cash on account	1000
	28.	He paid expenses in cash	250
Mar.	2.	He paid L. Hughes cash	1500
	10.	J. MacIntyre buys merchandise on credit	800
	15.	He purchased merchandise on credit from L. Hughes	1500
	20.	H. James paid cash	1000
	30.	He paid W. King cash	2000
	31.	He paid expenses in cash	225
April	3.	J. MacIntyre paid cash	1000
	7.	He sold merchandise on credit to H. James	1500
	15.	He sold merchandise for cash	600
	20.	J. MacIntyre paid cash	500
		He sold merchandise on credit to W. Brown	2000
	30.	He paid expenses in cash	250
May	3.	J. MacIntyre paid cash	1000
	8.	H. James paid cash	500
	15.	He paid W. King cash	1500
	30.	He paid expenses in cash	200
June	2.	He sold merchandise for cash	1000
	8.	He sold merchandise on credit to T. Roberts	2000
	10.	He sold merchandise on credit to J. MacIntyre	500
	30.	He paid expenses in cash	250

His inventory of merchandise at 30th June was \$1600.

C 11.

Thos. Larkin commenced business on 1st July with cash \$10000, merchandise \$2000, and office equipment \$800.

July	1.	He purchased merchandise for cash	\$500
	2.	He sold merchandise on credit to W. Simpson	2000
	10.	He sold merchandise for cash	800
	12.	W. Simpson paid cash	2000
	16.	He sold merchandise on credit to H. Rawlinson	2500
	30.	He purchased merchandise on credit from J. Walsh	2000
	31.	He paid expenses in cash	400
Aug.	3.	He sold merchandise for cash	200
	10.	He sold merchandise on credit to H. Elliot	500
	15.	He sold merchandise on credit to W. Simpson	3000
	19.	He paid cash to J. Welsh	1000
	22.	He purchased merchandise on credit from T. Rutherford	5000
	27.	He paid expenses in cash	420

Sept.	2.	He sold merchandise on credit to P. Kennedy	\$7000
	7.	W. Simpson paid cash	2000
	12.	P. Kennedy paid cash	5000
	18.	He sold merchandise on credit to W. Simpson	800
	20.	W. Simpson paid cash	1000
	26.	He purchased merchandise on credit from J. Walsh	9000
	30.	He paid expenses in cash	370
Oct.	5.	He paid T. Rutherford cash	4000
	10.	He paid J. Welsh cash	1000
	12.	He sold merchandise on credit to W. Simpson	2000
	21.	He sold merchandise on credit to P. Kennedy	8000
	27.	He paid expenses in cash	500
Nov.	3.	W. Simpson paid cash	1500
	7.	He purchased merchandise on credit from J. Miller	1000
	10.	He paid J. Welsh cash	5000
	15.	He sold merchandise on credit to J. Pratt	4000
	23.	J. Kennedy paid cash	2000
	29.	He paid expenses in cash	300
Dec.	2.	He paid T. Rutherford cash	1000
	6.	He purchased merchandise for cash	500
	12.	J. Pratt paid cash	2000
	15.	He sold merchandise on credit to J. Knox	1000
	19.	J. Knox paid cash	500
	31.	He paid expenses in cash	650

His stock of merchandise on hand at close of the period was \$1000.

C 12.

John Watson started business on 1st January with \$5000 cash and \$3000 merchandise.

Jan.	1.	Purchased merchandise on credit from B. Shaw	\$2000
	4.	Sold merchandise for cash	1000
	15.	Sold merchandise on credit to W. Cody	4000
	19.	Sold merchandise for cash	500
	20.	Sold merchandise on credit to J. Robinson	2000
	31.	Paid B. Shaw cash	1000
		Paid cash salaries	600
Feb.	1.	J. Robinson paid cash	2000
	4.	Purchased merchandise on credit R. Lang	500
	10.	W. Cody paid cash	4000
	16.	Purchased merchandise on credit from B. Shaw	1500
	24.	Paid expenses in cash	50
	28.	Paid cash salaries	600
Mar.	3.	Sold merchandise for cash	1000
	4.	Paid B. Shaw cash	1000
	6.	Sold merchandise on credit to W. Cody	6000
	12.	Paid R. Lang cash	500
	17.	Paid B. Shaw cash	1000
	27.	Sold merchandise on credit to J. Robinson	5000
	31.	Paid cash salaries	500
April	2.	W. Cody paid cash	2000
	4.	Sold H. Smith merchandise on credit	2500
	8.	Sold merchandise for cash	500
	12.	Sold W. Jones merchandise credit	200

April	18.	Purchased merchandise on credit from B. Shaw	\$2000
	19.	J. Robinson paid cash	4000
	28.	Paid expenses in cash	45
	30.	Paid cash salaries	650
May	1.	H. Smith paid cash	2000
	3.	Purchased merchandise on credit—Patterson	1000
	4.	Sold H. Smith merchandise on credit	1000
	7.	Paid B. Shaw cash	500
	8.	Purchased merchandise on credit H. Patterson	2000
	16.	J. Robinson paid cash	1000
	21.	Purchased merchandise cash	100
	28.	W. Cody paid cash	2000
	31.	Paid cash salaries	650
June	2.	Paid H. Patterson cash	2000
	6.	Purchased merchandise on credit R. Lang	800
	11.	W. Jones paid cash	200
	15.	Sold W. Jones merchandise on credit	4500
	18.	Paid expenses cash	120
	21.	Sold merchandise cash	150
	25.	Purchased merchandise cash	100
	27.	Paid expenses in cash	65
	30.	Paid cash salaries	650

Stock of merchandise on hand at close of period, \$700.

*Group D.**Exercises Nos. 13-17.*

Special Feature. Writing Discount into Cash Book.

Required. General Journal.

Cash Book (see Cash Book ruling No. 2).

Ledger.

Instructions.

Enter all the cash and discount items in the Cash Book and close it off every month, bringing down each balance in due course to the next month.

Enter all of the remaining items in the Journal.

Post from the Cash Book and Journal to the Ledger.

Transfer by Journal entry the balances on the following accounts to Profit and Loss or General Operating Account—

Expenses.

Salaries.

Discounts (losses).

Discounts (profits).

Gross Profit on Merchandise.

Close off the Ledger Accounts for the whole period.

Take out a Trial Balance.

D 13.

H. Chadwick commenced business on 1st January with \$5000 cash, buildings \$6000, land \$5000, merchandise \$3000, office equipment \$1000.

Jan.	1.	Sold merchandise on credit to J. Wilson	\$3800
	3.	Purchased merchandise on credit from H. Clarke	2000
	6.	Sold merchandise for cash	200
	9.	Sold merchandise to R. Alexander on credit	1500
	15.	J. Wilson paid cash \$3762, and was allowed discount	38
	22.	Sold merchandise for cash	1500
	31.	Paid by cash expenses \$20, salaries	300
Feb.	1.	R. Alexander paid cash \$1485, and was allowed discount	15
	8.	Paid H. Clarke cash \$1980, being allowed discount	20
	15.	Purchased merchandise on credit from F. Lawrence	6000
	19.	Paid F. Lawrence cash \$5940, being allowed discount	60
	24.	Sold merchandise on credit to W. Neilson	3400
	26.	Sold merchandise on credit to J. Regan	3600
	28.	Paid by cash expenses \$25, salaries	350
Mar.	2.	W. Neilson paid cash \$3366, and was allowed discount	34
	4.	Purchased merchandise from F. Lawrence	4000
	6.	Paid F. Lawrence cash \$3960, being allowed discount	40
	15.	Sold merchandise on credit to J. Wilson	2500
	24.	Sold merchandise for cash	500
	26.	Sold merchandise to R. Alexander	2400
	31.	Paid by cash expenses \$26, Salaries	320
April	8.	Purchased merchandise on credit from H. MacLaren	3000
	10.	J. Wilson paid cash \$2475, and was allowed discount	25
	16.	Purchased merchandise for cash	1000
	19.	Sold merchandise to W. Neilson	3600
	24.	J. Regan paid cash in full settlement for goods purchased on 26th February	3600
	27.	R. Alexander paid cash \$2376, and was allowed discount	24
	28.	Sold merchandise to J. Regan	1500
	30.	Paid by cash expenses \$22, salaries	340
May	2.	Purchased merchandise from H. Clarke	3000
	4.	W. Neilson paid cash \$3564, and was allowed discount	36
	6.	J. Regan paid cash \$1485, and was allowed discount	15
	12.	Sold merchandise to J. Wilson	1500
	15.	Paid H. Clarke cash \$2970, being allowed discount	30
	24.	Sold merchandise to R. Alexander	2500
	26.	J. Wilson paid cash \$1485, and was allowed discount	15
	28.	Paid H. MacLaren cash \$3000, for merchandise purchased on 8th April	
	31.	Paid by cash expenses \$18, salaries	300
June	2.	Purchased merchandise from H. Clarke	3000
	4.	Purchased merchandise for cash	300
	8.	Sold merchandise for cash	500
	10.	Sold merchandise to J. Wilson	4000
	16.	R. Alexander paid cash \$2475, and was allowed discount	25
	19.	Purchased merchandise for cash	200
	20.	Purchased merchandise from H. Clarke	3600
	24.	Sold merchandise for cash	800
	27.	Sold merchandise on credit to H. Jones	1000

June 28.	Sold merchandise to R. Alexander	\$2600
30.	Paid by cash expenses \$21, salaries.	310

Merchandise Inventory at 30th June is \$2000.

D 14.

D. Erskine commenced business on 1st January with the following assets: cash \$4000, merchandise \$2000, land \$5000, buildings \$6000, office equipment \$1500.

Jan.	1.	Purchased merchandise on credit from J. Anderson	\$2000
	5.	Sold merchandise for cash	500
	12.	Sold merchandise on credit to H. Lawrence	1000
	19.	Sold merchandise for cash	1000
	31.	Paid by cash salaries \$300, expenses	65
Feb.	1.	Purchased merchandise on credit from H. Moore	4000
	2.	Paid J. Anderson cash \$1980 being allowed discount	20
	6.	Sold merchandise on credit to W. Crawford	1000
	12.	H. Lawrence paid cash \$990, being allowed discount	10
	15.	W. Crawford paid cash \$990, being allowed discount	10
	19.	Sold merchandise on credit to H. Lawrence	3500
	24.	Sold merchandise for cash	800
	28.	Paid by cash salaries \$320 expenses	60
Mar.	2.	H. Lawrence paid cash \$3150, being allowed discount	350
	15.	Purchased merchandise on credit from J. Anderson	3000
	18.	Sold merchandise on credit to H. Lawrence	4000
	20.	Purchased merchandise on credit from J. Hill	2000
	30.	Sold merchandise on credit to W. Crawford	1500
	31.	Paid by cash salaries \$208, expenses	55
April	1.	Paid J. Anderson cash \$2970, being allowed discount	30
	3.	Sold merchandise on credit to H. Leggett	1000
	5.	Paid J. Hill cash \$1980, being allowed discount	20
	8.	H. Lawrence paid cash \$3960, being allowed discount	40
	10.	Purchased merchandise for cash	2000
	12.	W. Crawford paid cash \$1485, being allowed discount	15
	15.	Sold merchandise on credit to P. McCall	2500
	19.	Purchased merchandise on credit from J. Hill	3000
	21.	P. McCall paid cash \$2475, being allowed discount	25
	26.	H. Leggett paid cash \$990, being allowed discount	10
	30.	Paid by cash salaries \$350, expenses	66
May	1.	Sold merchandise for cash	1000
	6.	Paid H. Moore cash for merchandise purchased 1st February	4000
	10.	Sold merchandise on credit to H. Leggett	2500
	15.	Paid J. Hill cash \$2970, being allowed discount	30
	18.	Purchased merchandise on credit from J. Anderson	3000
	20.	H. Leggett paid cash \$2475, being allowed discount	25
	21.	Sold merchandise on credit to W. Crawford	2000
	28.	Paid J. Anderson cash \$2970, being allowed discount	30
	29.	Purchased merchandise on credit from H. Robinson	1000
	31.	Paid by cash salaries \$375, expenses	64
June	1.	Sold merchandise on credit to H. Lawrence	2000
	2.	W. Crawford paid cash \$1980, being allowed discount	20
	7.	Paid H. Robinson cash \$990, being allowed discount	10
	10.	Sold merchandise for cash	800

June 14.	Purchased merchandise from M. Hamilton	\$2000
16.	Sold merchandise on credit to O. Smith	900
19.	Purchased merchandise on credit from J. Anderson	2000
20.	Sold merchandise on credit to H. Leggett	800
22.	Sold merchandise on credit to P. McCall	1000
26.	Sold merchandise for cash	500
29.	Purchased office equipment on credit from J. Barlow	1000
30.	Paid by cash salaries \$325, expenses	60

Merchandise inventory at 30th June, 1922, was \$5000.

D 15.

L. Hooker commenced business on 1st January with cash \$8000, buildings \$7000, land \$6000, equipment \$2000, merchandise \$4000.

Jan.	1.	Sold merchandise to C. Hall	\$2000
	3.	Sold merchandise for cash	2000
	7.	Purchased equipment for cash	500
	10.	Sold merchandise to D. Gray	2000
	16.	Purchased merchandise from W. Brown	6000
	20.	C. Hall paid cash \$1980, allowed discount	20
	27.	Sold merchandise to M. Gourlay	3000
	30.	Paid W. Brown cash \$5940, allowed discount	60
	31.	Paid by cash salaries \$500, expenses	90
Feb.	2.	D. Gray paid cash \$1980, allowed discount	20
	4.	Sold merchandise to C. Hall	3000
	8.	M. Gourlay paid cash \$2970, allowed discount	30
	12.	Sold merchandise to H. Boyd	2000
	15.	C. Hall paid cash \$2970, allowed discount	30
	18.	Purchased merchandise from W. Carter	1000
	24.	Paid W. Carter cash \$990, allowed discount	10
	26.	Sold merchandise for cash	500
	28.	Paid by cash salaries \$480, expenses	80
Mar.	1.	Sold merchandise to D. Gray	1000
	2.	Purchased merchandise from S. Long	6000
	6.	Sold merchandise to M. Gourlay	2000
	8.	D. Gray paid cash \$990, allowed discount	10
	15.	Sold merchandise for cash	2000
	24.	M. Gourlay paid cash \$1980, allowed discount	20
	28.	H. Boyd paid cash \$1980, allowed discount	20
	30.	Sold merchandise to C. Hall	4000
	31.	Paid by cash salaries \$510, expenses	70
April	2.	Sold merchandise to D. Gray	500
	4.	Paid S. Long cash \$5940, was allowed discount	60
	6.	Purchased merchandise from S. Long	2000
	10.	C. Hall paid cash \$3960, allowed discount	40
	18.	Sold merchandise to M. Gourlay	1500
	21.	D. Gray paid cash \$495, allowed discount	5
	28.	Sold merchandise for cash	800
	29.	Paid S. Long cash \$1980, was allowed discount	20
	30.	Paid by cash salaries \$520—expenses	60
May	2.	Purchased merchandise for cash	8000
	4.	Paid expenses by cash	60
	6.	Sold merchandise to H. Boyd	6000
	8.	Sold merchandise for cash	600

May	10.	Sold merchandise to H. Boyd	\$6000
	16.	Purchased merchandise from A. Harris	5000
	24.	M. Gourlay paid cash \$1485, allowed discount	15
	31.	H. Boyd paid cash \$11,880, allowed discount	120
		Paid by cash expenses \$80—salaries	520
June	1.	Sold merchandise to C. Hall	3000
	2.	Paid A. Harris cash \$4950, allowed discount	50
	6.	Sold merchandise to D. Gray	2500
	8.	C. Hall paid cash \$2970, and was allowed discount	30
	15.	Sold merchandise to H. Boyd	1000
	16.	Purchased merchandise from D. Webster	4000
	18.	Sold merchandise to C. Hall	2000
	29.	Sold merchandise to M. Gourlay	1000
	30.	Paid by cash expenses \$75—salaries	600

Merchandise inventory at 30th June was \$3000.

D 16.

Edwin Layton commenced business on the 1st January with the following assets: cash \$4000, land \$8000, buildings \$10000, equipment \$3000, merchandise \$5000.

Jan.	1.	He sold merchandise on credit R. Simons	\$4000
	4.	He purchased merchandise on credit from H. Rowntree	6000
	6.	He sold merchandise on credit J. Matthews	2000
	10.	R. Simons paid cash \$3960, and was allowed discount	40
	18.	He sold merchandise on credit R. Simons	3000
	25.	J. Matthews paid cash \$1980, and was allowed discount	20
	31.	He sold merchandise on credit J. Hastings	4000
		He paid H. Rowntree cash \$5940, and was allowed discount	60
		He paid cash salaries \$350 office expenses	40
Feb.	1.	He purchased merchandise on credit from H. Maltby	7000
	2.	He sold merchandise on credit to H. Melville	3500
	6.	R. Simons paid cash \$2970, and was allowed discount	30
	8.	He sold merchandise on credit to R. Crump	4000
	10.	J. Hastings paid cash \$3960, and was allowed discount	40
	15.	He sold merchandise on credit to J. Hart	5000
	22.	H. Melville paid cash \$3465, and was allowed discount	35
	27.	He purchased merchandise on credit from F. Collins	5000
	28.	He sold merchandise on credit to C. Golding	3000
		He paid by cash salaries \$340, office expenses	36
Mar.	1.	R. Crump paid cash \$3960, and was allowed discount.	40
	2.	He sold merchandise on credit J. Matthews	3500
	5.	J. Hart paid cash \$4950, and was allowed discount	50
	6.	He purchased merchandise on credit from G. Johnson	6000
	8.	He sold merchandise for cash	3000
	10.	C. Golding paid cash \$2970, and was allowed discount.	30
	16.	He sold merchandise on credit to H. Hart	4000
	20.	J. Matthews paid cash \$3465, and was allowed discount	35
	22.	He sold merchandise on credit R. Simons	2000
	24.	He paid H. Maltby \$6930, and was allowed discount	70
	28.	He purchased merchandise from H. Rowntree	5000
	31.	He paid by cash salaries \$330, office expenses	42
April	1.	He sold merchandise on credit to R. Crump	2000
	3.	R. Simons paid cash \$1980, and was allowed discount.	20
	5.	He sold merchandise for cash	1000

April	6.	J. Hart paid cash \$3960, and was allowed discount . . .	\$40
	7.	He sold merchandise to H. Melville . . .	3000
	11.	He paid H. Rowntree cash \$2950, and was allowed discount . . .	50
	12.	He purchased merchandise on credit from G. Martindale . . .	8000
	15.	R. Crump paid cash \$1980, and was allowed discount . . .	20
	22.	He sold merchandise on credit H. Gibbon . . .	4000
	23.	H. Melville paid cash \$2970, and was allowed discount . . .	30
	27.	He sold merchandise on credit to J. Hastings . . .	6000
	29.	H. Gibbon paid cash \$3960, and was allowed discount . . .	40
	30.	He sold merchandise for cash . . .	1000
		He paid by cash salaries \$355, office expenses . . .	44
May	1.	He purchased merchandise for cash . . .	500
	2.	He sold merchandise for cash . . .	800
	6.	Hastings paid cash \$5940, and was allowed discount . . .	60
	7.	He purchased merchandise from H. Maltby . . .	8000
	9.	He paid F. Collins cash \$4975, and was allowed discount . . .	25
	10.	He sold merchandise on credit R. Simons . . .	3000
	11.	He sold merchandise for cash . . .	800
	12.	He sold merchandise on credit R. Crump . . .	3000
	13.	He purchased merchandise on credit from F. Collins . . .	2000
	16.	He sold merchandise on credit to O. Golding . . .	4000
	17.	R. Simons paid cash \$2970, and was allowed discount . . .	30
	19.	He sold merchandise for cash . . .	600
	21.	He sold merchandise for cash . . .	1000
	23.	R. Crump paid cash \$2970, and was allowed discount . . .	30
	24.	He sold merchandise on credit to J. Matthews . . .	2000
	27.	He purchased merchandise on credit from H. Rowntree . . .	4000
	29.	J. Matthews paid cash \$1980, and was allowed discount . . .	20
	31.	He paid by cash salaries \$370—office expenses . . .	45
June	1.	He sold merchandise on credit to R. Crump . . .	3000
	2.	He paid H. Rowntree cash \$3960, and was allowed discount . . .	40
	3.	He sold merchandise on credit to H. Melville . . .	3000
	5.	He purchased merchandise on credit from J. Brown . . .	5000
	6.	He paid H. Maltby cash on account . . .	6000
	7.	He sold merchandise on credit to R. Simons . . .	2000
	11.	He paid G. Johnson \$5970, and was allowed discount . . .	30
	14.	He sold merchandise on credit to J. Hastings . . .	2000
	18.	He paid G. Martindale cash \$7960, and was allowed discount . . .	40
	21.	He sold merchandise on credit to H. Hart . . .	3000
	23.	He purchased merchandise on credit from H. Rowntree . . .	6000
	26.	He sold merchandise for cash . . .	1200
	29.	He sold merchandise on credit J. Matthews . . .	2000
	30.	He paid by cash salaries \$340, office expenses . . .	40

His merchandise inventory at 30th June was \$6000.

D 17.

T. Stenhouse commenced business on the 1st January with cash \$9000, merchandise \$5000, equipment \$3000, buildings \$8000, land \$4000.

Jan.	1.	He sold merchandise to A. Rule . . .	\$2000
	4.	He purchased equipment from B. Robson . . .	1000
	8.	He sold merchandise to A. Nairn . . .	3000

Jan.	11.	A. Nairn paid cash \$2970, being allowed discount	\$30
	17.	He purchased merchandise from J. Burns	6000
	21.	A. Rule paid cash \$1980, being allowed discount	20
	28.	He sold merchandise to H. Ferguson	1000
	30.	He paid B. Robson cash \$990, being allowed discount	10
	31.	He paid by cash salaries \$350, expenses	80
Feb.		He sold merchandise to A. Angus	4000
	1.	A. Angus paid cash \$3960, being allowed discount	40
	2.	He sold merchandise to A. Rule	1000
	5.	He purchased merchandise from A. Somerville	8000
	6.	He sold merchandise to T. Wilson	3000
	8.	He paid J. Burns cash \$5940, being allowed discount	60
	11.	H. Ferguson paid cash \$990, being allowed discount	10
	14.	He sold merchandise to R. Deans	4000
	23.	T. Wilson paid cash \$2970, being allowed discount	30
	25.	He purchased merchandise from J. Kerr	7000
	25.	A. Rule paid cash \$990, being allowed discount	10
	27.	He sold merchandise to C. Whitehead	5000
	28.	He paid by cash salaries \$380, expenses	230
Mar.	1.	He sold merchandise to C. Sanderson	4000
	3.	He paid by cash expenses	25
	5.	He sold merchandise to J. Caverhill	3000
	6.	R. Deans paid cash \$3960, being allowed discount	40
	7.	J. Caverhill paid cash \$2970, being allowed discount	30
	8.	He sold merchandise to E. White	1000
	12.	E. White paid cash \$990, being allowed discount	10
	14.	He purchased merchandise from J. Burns	9000
	15.	C. Sanderson paid cash \$3960, being allowed discount	40
	25.	He paid J. Somerville cash \$7920, being allowed discount	80
	28.	He sold merchandise to A. Ferguson	5000
	29.	A. Ferguson paid cash \$4950, being allowed discount	50
	31.	He paid by cash salaries \$390, expenses	120
April	2.	He paid J. Kerr cash \$6930, being allowed discount	70
	3.	He sold merchandise to W. Langan	4000
	4.	He purchased merchandise from S. Richardson	10000
	5.	He paid expenses by cash	23
	7.	He sold merchandise to D. Crichton	2000
	10.	W. Langan paid cash \$3960, being allowed discount	40
	12.	He sold merchandise for cash	300
	14.	He sold merchandise to A. Dickson	5000
	16.	He paid J. Burns cash \$8910, being allowed discount	90
	17.	He purchased merchandise from J. Heron	9000
	18.	He sold merchandise to E. White	6000
	19.	He paid by cash expenses	18
	21.	He purchased merchandise for cash	200
	22.	He sold merchandise to W. Langan	4000
May	24.	He sold merchandise for cash	250
	26.	He sold merchandise to A. Nairn	5000
	28.	He sold merchandise to J. Caverhill	2000
	30.	D. Crichton paid cash \$1980, being allowed discount	20
		He paid by cash salaries \$380, expenses	180
	3.	He purchased merchandise from T. Muir	8000
	4.	A. Nairn paid cash \$4950, being allowed discount	50
	5.	He sold merchandise to A. Rule	5000
	7.	He paid by cash expenses	85
	8.	He sold merchandise to R. Deans	5000
	10.	C. Whitehead paid cash	5000

May	12.	He purchased merchandise from S. Richardson . . .	\$9000
	14.	He paid S. Richardson cash \$9900, being allowed discount . .	100
	15.	He sold merchandise to A. Angus . . .	4000
	19.	R. Deans paid cash \$4950, being allowed discount . . .	50
	20.	A. Rule paid cash \$4950, being allowed discount . . .	50
	26.	He sold merchandise to C. Whitehead . . .	4000
	27.	A. Angus paid cash \$3960, being allowed discount . . .	40
	30.	He sold merchandise to C. Sanderson . . .	2000
	31.	He paid by cash salaries \$395, expenses . . .	210
June	2.	He purchased merchandise from J. Burns . . .	10000
	2.	He paid J. Herson cash \$8910, being allowed discount . .	90
	4.	He sold merchandise for cash . . .	400
	6.	He sold merchandise to R. Deans . . .	5000
	9.	He purchased merchandise for cash . . .	200
	10.	He paid expenses cash . . .	24
	12.	He sold merchandise to A. Ferguson . . .	4000
	14.	He paid by cash expenses . . .	20
	16.	He purchased merchandise from J. Somerville . . .	8000
		He purchased merchandise for cash . . .	100
	18.	He sold merchandise to T. Wilson . . .	3000
	19.	He paid T. Muir cash \$7920, being allowed discount . .	80
	20.	He paid expenses by cash . . .	84
	24.	He sold merchandise to A. Rule . . .	5000
	25.	He sold merchandise for cash . . .	140
	27.	He sold merchandise for cash . . .	260
	28.	He sold merchandise to A. Nairn . . .	4000
		He purchased merchandise J. Wood . . .	2000
	30.	He paid by cash salaries \$382, expenses . . .	215

Merchandise inventory at 30th June was \$4000.

*Group E.**Exercises 18-19.*

Special Features. Bank Deposits and Withdrawals.

NOTE. The Cash Book used should be ruled so that the cashier can tell at a glance the amount of cash and cheques in the office awaiting payment into the bank, and can tell his bank balance by taking the difference between the the two bank columns.

Use of Cash Book, where all receipts are banked daily, and all large payments made by cheque. Petty Cash Book and Imprest System for Petty Cash.

Balance Sheet.

Required. General Journal.

Cash Book (see Cash Book ruling No. 3).¹

Petty Cash Book.

Ledger.

Instructions.

All cash and cheques received are paid into the bank daily.

All large payments are made by cheque. All small payments are made through the Petty Cash.

Write up the Cash Book, Petty Cash Book, and Journal.

All sales and purchases were on credit unless stated differently.

Close his Cash Book and Petty Cash Book monthly.

Post from the Cash Book, Petty Cash Book, and Journal to the Ledger, and transfer by Journal entry all balances on the following accounts to Profit and Loss or General Operating Account—

Office Expenses.

Salaries.

Discounts (losses).

Discounts (profits).

From the final Trial Balance draw up a Balance Sheet, grouping all accounts receivable under one item with that heading, and all accounts payable, similarly.

¹ But see Note below Index to Suggested Rulings.

E 18.

L. Seymour commences business on 1st January with cash in bank \$3000, office equipment \$1000, merchandise \$6000, land \$4000, buildings \$7000.

Jan.	1.	He drew from Bank for small payments out of Petty Cash	\$50
		He sold merchandise to H. Weldon	3000
	2.	He sold merchandise to H. Nicholson	1000
	5.	He sold merchandise for cash	500
	6.	He purchased merchandise by cheque	800
		H. Weldon paid cheque \$2970, and is allowed discount	30
		H. Nicholson paid cheque \$990, and is allowed discount	10
	14.	He sold merchandise to L. Bovey	7000
		He purchased merchandise from T. Burke	8000
		He paid by cash expenses	10
	28.	He sold merchandise to J. MacPherson	4000
		L. Bovey paid cheque \$6930, and was allowed discount	70
		He paid T. Burke cheque \$7920, being allowed discount	80
	31.	He paid by cheque salaries \$310, and by cash expenses	20
Feb.	2.	He sold merchandise to W. Morgan	5000
		He drew from Bank for Petty Cash	30
	8.	He sold merchandise to E. Malcolm	3000
		He purchased merchandise from G. Tood	10000
		He sold merchandise for cheque	500
	19.	J. MacPherson paid cheque \$3960, and was allowed discount	40
		W. Morgan paid cheque \$4950, and was allowed discount	50
		He paid expenses out of cash	15
	26.	He sold merchandise to G. Porter	5000
		He paid expenses out of cash	20
		He sold merchandise to M. Bell	6000
		He sold merchandise to P. Burnett	3000
		He paid G. Todd cheque \$9900, and was allowed discount	100
		He purchased merchandise from H. Dixon	9000
	28.	He sold merchandise for cash	300
		P. Burnett paid cheque \$2970, and was allowed discount	30
		He drew from Bank for Petty Cash \$35, and paid salaries by cheque	300
Mar.	2.	E. Malcolm paid cheque \$2970, and was allowed discount	30
		G. Porter paid cheque \$4950, and was allowed discount	50
		M. Bell paid cheque \$5940, and was allowed discount	60
		He paid expenses out of cash	5
	16.	He sold merchandise to H. Weldon	5000
		He sold merchandise to H. Nicholson	6000
		He sold merchandise to L. Barnes	500
		He sold merchandise for cash	200
	19.	He sold merchandise for cash	800
		He purchased merchandise from G. Tood	8000
		P. Weldon paid cheque \$4950, and is allowed discount	50
		He paid expenses out of cash	10
	24.	He sold merchandise to L. Bovey	6000
		He sold merchandise to J. MacPherson	2000
		He purchased merchandise from T. Burke	9000
		He paid expenses out of cash	15
	31.	He sold merchandise to W. Morgan	5000
		He sold merchandise to H. Weldon	6000

Mar. 31.	He sold merchandise to G. Porter	\$600
	He drew from Bank for Petty Cash	30
	He paid salaries by cheque	340
	He paid expenses by cheque	250
	He purchased equipment by cheque	500

His merchandise inventory at the close of the period is \$4000.

E 19.

T. Reynolds commenced business on 1st January with the following assets: cash in bank \$6000, merchandise \$8000, equipment \$2000, buildings \$10000, land \$8000.

Jan. 1.	He drew from Bank for Petty Cash	\$50
	He sold merchandise to C. Hamilton	4000
	He sold merchandise to J. Stephens	2000
	He purchased equipment by cheque	500
6.	He sold merchandise to F. Taylor	6000
	He purchased merchandise by cheque	1000
	He purchased merchandise from W. Gibson	6000
15.	He sold merchandise to G. Thomas	3000
	He paid expenses by cash	15
	C. Hamilton paid cheque \$3960, and was allowed discount	40
	J. Stephens paid cheque \$1980, and was allowed discount	20
20.	He sold merchandise to P. Barry	2000
	He sold merchandise for cash	800
	F. Taylor paid cheque \$5940, and was allowed discount	60
31.	He sold merchandise to M. Sinclair	4000
	He paid salaries by cheque \$320, and expenses by cash	20
Feb. 2.	He purchased merchandise from P. Clayton	6000
	He drew cheque on bank for Petty Cash	35
	G. Thomas paid cheque \$2970, and was allowed discount	30
	P. Barry paid cheque \$1980, and was allowed discount	20
	He paid W. Gibson cheque \$3940, and was allowed discount	60
6.	He sold merchandise to S. Phillips	4000
	He sold merchandise to W. Blair	4000
	He sold merchandise for cash	500
	He paid expenses out of cash	10
14.	He purchased merchandise from P. Chalmers	8000
	M. Sinclair paid cheque \$3960, and was allowed discount	40
	S. Phillips paid cheque \$3960, and was allowed discount	40
	He sold merchandise for cheque	600
15.	He sold merchandise to G. Scott	3000
	He sold merchandise to R. Stead	6000
	He sold merchandise for cash	500
	He sold merchandise to G. Thomas	4000
	He purchased merchandise from W. Courtney	9000
	He paid expenses out of cash	12
	W. Blair paid cheque \$3960, and was allowed discount	40
21.	He sold merchandise to F. Taylor	4000
	G. Thomas paid cheque \$3960, and was allowed discount	40
	G. Scott paid cheque \$2970, and was allowed discount	30
	R. Stead paid cheque \$5940, and was allowed discount	60
	He paid P. Chalmers cheque \$7920, and was allowed discount	80
	He paid P. Clayton cheque \$5940, and was allowed discount	60

Feb. 28.	He sold merchandise to C. Hamilton	\$4000
	He sold merchandise to P. Barry	2000
	He sold merchandise to S. Phillips	2000
	He purchased merchandise by cheque	500
	He sold merchandise to W. Blair	1000
	He paid expenses out of cash	12
	He paid salaries by cheque	320
Mar. 1.	He purchased merchandise from J. Freeman	6000
	He drew cheque on bank for Petty Cash	34
	F. Hamilton paid cheque \$3960, and was allowed discount	40
	P. Barry paid cheque \$1980, and was allowed discount	20
	S. Phillips paid cheque \$1980, and was allowed discount	20
	He paid W. Courtney cheque for \$8910, and was allowed discount	90
	8. He sold merchandise to R. Allsop	2000
	He sold merchandise to D. Watson	5000
	He sold merchandise to J. Middleton	3000
	He paid expenses out of Petty Cash	8
	12. He purchased merchandise from P. Chalmers	9000
	He paid expenses out of Petty Cash	10
	J. Middleton paid cheque \$2970, and was allowed discount	30
	He paid J. Freeman cheque \$5940, and was allowed discount	60
	15. He sold merchandise to N. Holland	4000
	He sold merchandise to R. Stead	5000
	He sold merchandise to G. Scott	3000
	H. Allsop paid cheque \$1980, and was allowed discount	20
	D. Watson paid cheque \$4950, and was allowed discount	50
	18. He purchased merchandise from W. Gibson	8000
	He sold merchandise to G. Thomas	1500
	He paid expenses out of Petty Cash	5
	He purchased merchandise by cheque	500
	21. He sold merchandise for cash	600
	N. Holland paid cheque \$3960, and was allowed discount	40
	He purchased equipment on credit from G. Chester	600
	He purchased merchandise on credit from S. Falconer	1000
	27. He sold merchandise to C. Stephens	3000
	He sold merchandise to M. Sinclair	4000
	He sold merchandise to J. Middleton	1000
	He sold merchandise to R. Brooks	800
	He sold merchandise to G. Faber	400
	31. He paid salaries by cheque	325
	He paid expenses out of Petty Cash	19
	He sold merchandise for cash	700
	He paid G. Chester cheque \$594, and was allowed discount	6
	He paid S. Falconer \$990, and was allowed discount	10
	He purchased equipment by cheque	200
	B. Brooks paid cheque \$790, and was allowed discount	8

His merchandise inventory at the 31st March was \$4000.

*Group F.**Exercises Nos. 20-23.*

Special Features. Bank deposits and withdrawals.

Use of Cash Book, where all receipts are banked daily, and all large payments made by cheque

Petty Cash Book : Imprest System.

Separate Journals for Sales and Purchases

Accrued Interest.

Balance Sheet.

Books. General Journal.

Sales Journal.

Purchase Journal.

Cash Book (see Cash Book ruling No. 3).¹

Petty Cash Book.

Ledger.

Instructions.

All cash and cheques received are paid into the bank daily.

All large payments are made by cheque. All small payments are made through the Petty Cash.

Charge the interest accrued due to "Interest on Loans" and credit it to an account called "Accrued Interest Suspense."

Write up the Cash Book, Journals, and Petty Cash Book, recording credit sales in Sales Journal, and credit purchases in Purchases Journal, and remaining entries in the General Journal.

All sales and purchases were on credit unless stated differently.

Close his Sales and Purchases Journals, Cash Book, and Petty Cash Book monthly.

Post from the Cash Book, Petty Cash Book, and Journals to the Ledger, and transfer by Journal entry all balances on the following accounts to Profit and Loss Account—

Office Expenses.

Discount (losses).

Salaries.

Discount (profits).

Interest on Loans.

From the final Trial Balance draw up a Balance Sheet grouping all Accounts Receivable under one item with that heading, and all Accounts Payable similarly.

¹ But see Note below Index to Suggested Rulings.

F 20.

J. Hadley commenced business on 1st January with the following assets: cash in bank \$4000, merchandise \$6000, equipment \$2000, buildings \$12000, land \$8000.

Jan.	1.	He drew cheque from Bank for Petty Cash	\$50
		He sold merchandise on credit to H. Maldon	4000
		He sold merchandise on credit to J. Dawson	5000
	8.	He paid expenses out of Petty Cash	10
		He purchased merchandise from W. Smith on credit	7000
		He sold merchandise for cash	200
	16.	He sold merchandise on credit to J. Dawson	5000
		H. Maldon paid cheque \$3960, and was allowed discount	40
		J. Dawson paid \$4950, and was allowed discount	50
		He paid expenses out of Petty Cash	25
	31.	J. Dawson paid cheque \$4950, and was allowed discount	50
		He paid W. Smith cheque \$6930, and was allowed discount	70
		He paid salaries by cheque	350
Feb.	1.	He drew cheque on Bank for Petty Cash	35
		He purchased merchandise from T. Jones on credit	8000
		He sold merchandise on credit to H. Maldon	5000
	7.	He purchased merchandise from W. Smith on credit	4000
	18.	He sold merchandise on credit to J. Dawson	6000
		H. Maldon paid cheque \$4950, and was allowed discount	50
		He sold merchandise for cash	200
	28.	He paid expenses out of Petty Cash	20
		He paid salaries by cheque	330

His merchandise inventory at 28th February was valued at \$11000.

F 21.

S. Graham commenced business on the 1st July with the following assets: cash in bank \$16000, merchandise \$8000, equipment \$2000, buildings \$12000, land \$8000.

He owed \$2000 to C. Stewart which was secured on the land and buildings. He had to pay 8 per cent interest half-yearly, 30th June and 31st Dec., until it was paid off.

July	1.	He drew cash from Bank for Petty Cash	\$50
		He purchased merchandise from R. White	2000
		He sold merchandise to D. Oswald	4000
	2.	He sold merchandise to W. Murray	6000
		He sold merchandise to R. Mann	5000
	8.	He paid expenses out of cash	10
		He sold merchandise to D. Scott	1000
	10.	He purchased merchandise from L. Berkely	8000
		He sold merchandise to C. Anderson	2000
	19.	D. Oswald paid cheque \$3960, allowed discount	40
		W. Murray paid cheque \$5940, and was allowed discount	60
	21.	He sold merchandise to J. Reilly	6000

July	21.	He sold merchandise to H. Vernon	\$5000
		He paid L. Berkely cheque \$7920, and was allowed discount	80
		He purchased merchandise from J. McKee	7000
		R. Mann paid cheque \$4950, and was allowed discount	50
	28.	C. Anderson paid cheque \$1980, and was allowed discount	20
		J. Reilley paid cheque \$5940, was allowed discount	60
	31.	He sold merchandise to M. Jackson	5000
		He paid salaries by cheque \$400 and expenses by cash	30
		He paid J. McKee cheque \$6930, and was allowed discount	70
Aug.	1.	He sold merchandise to W. Rutherford	5000
		He gave Petty Cashier cheque for	40
	5.	He sold merchandise for cash	1000
		D. Scott paid cash	1000
	7.	He purchased merchandise from C. Shanly	8000
		M. Jackson paid cheque \$4950, and was allowed discount	50
	10.	He sold merchandise to M. Prevost	4000
		He sold merchandise to T. Bell	5000
	12.	He sold merchandise to L. Simpson	3000
		He paid expenses out of cash	12
	15.	He purchased merchandise from L. Berkely	5000
		W. Rutherford paid cheque \$4950, was allowed discount	50
		M. Prevost paid cheque \$3960, was allowed discount	40
	19.	He sold merchandise for cash	500
		He sold merchandise to T. MacLean	4000
		He paid L. Berkely cheque \$4950, was allowed discount	50
	24.	He sold merchandise to H. Mitchell	3000
		He paid R. White cheque	2000
	26.	He purchased merchandise from P. Farr	8000
		T. Bell paid cheque \$4950, and was allowed discount	50
	29.	He sold merchandise to C. Anderson	4000
		He sold merchandise to A. Kerr	5000
		He sold merchandise to F. Coventry	3000
	31.	He paid expenses out of cash \$17, and salaries by cheque	420
		L. Simpson paid cheque \$2970, was allowed discount	30
		H. Vernon paid cheque in full	5000
Sept.	1.	He purchased merchandise for cheque	1000
		He gave Petty Cashier cheque for	29
		He paid expenses by cheque	150
	3.	He sold merchandise for cash	600
		He sold merchandise to D. Oswald	1200
	6.	He purchased merchandise from D. Benson	8000
	8.	He paid expenses out of cash	5
		T. MacLean paid cash	4000
		T. Mitchell paid cash	3000
	10.	He sold merchandise to W. Murray	4000
		He sold merchandise to J. Reilley	5000
		He sold merchandise to H. Vernon	3000
	14.	He paid expenses out of cash	7
		D. Oswald paid cheque \$1188, and was allowed discount	12
		A. Kerr paid cheque \$4950, was allowed discount	50
	18.	He purchased merchandise from H. Balfour	9000
		He paid D. Benson cheque \$7920, was allowed discount	80
	20.	He sold merchandise to H. Mitchell	4000
		He sold merchandise to A. Kerr	5000
	22.	He sold merchandise to L. Simpson	6000
		He sold merchandise for cheque	800
	25.	He purchased merchandise from D. Benson	8000

Sept. 25.	He sold merchandise to D. Scott	\$4000
	He paid C. Shanly cheque	8000
	He paid expenses by cheque	200
26.	He sold merchandise to T. Bell	9000
	He purchased merchandise from P. Farr	8000
	He paid P. Farr cheque \$7920, and was allowed discount	80
27.	He sold merchandise to H. Vernon	6000
	He sold merchandise to W. Rutherford	4000
	He sold merchandise to M. Prevost	3000
	He purchased equipment by cheque	600
28.	He purchased merchandise from L. Berkely	9000
	He paid H. Balfour cheque on account	5000
	He sold merchandise to R. Mann	4000
	He paid expenses out of cash	18
	He paid salaries by cheque	402

His merchandise on hand at the close of the period was \$8000.

F 22.

T. Kinglake commenced business on the 1st January with the following assets: cash in bank \$6000, merchandise \$8000, equipment \$2000, buildings \$6000, land \$8000. He owed H. Gordon \$2000, interest being payable at 30th June and 31st Dec. at 6 per cent per annum.

Jan. 1.	He drew out of Bank for Petty Cash	\$50
	He sold merchandise to W. Carlyle	4000
2.	He sold merchandise to H. Cartwright	3000
4.	He sold merchandise to M. Dent	5000
8.	He paid expenses out of cash	15
10.	W. Carlyle paid cheque \$3960, and was allowed discount	40
16.	He purchased merchandise from G. Wells	9000
18.	He sold merchandise to L. Stockton	6000
24.	H. Cartwright paid cheque \$2970, and was allowed discount	30
	M. Dent paid cheque \$4950, and was allowed discount	50
	He purchased merchandise by cheque	200
28.	He sold merchandise to W. Carlyle	6000
	He purchased merchandise from T. Marriott	10000
	He paid expenses out of cash	10
31.	L. Stockton paid cheque \$5940, and was allowed discount	60
	He sold merchandise for cash	300
	He paid salaries by cheque	450
	He paid expenses by cheque	200
Feb. 1.	He drew out of bank for Petty Cash	25
	He sold merchandise to H. Dobson	6000
	He sold merchandise to W. Ridge	5000
	W. Carlyle paid cheque \$5940, and was allowed discount	60
	H. Dobson paid cheque \$5940, and was allowed discount	60
4.	He sold merchandise to L. Crockett	4000
	He purchased merchandise from K. Jackson	8000
	He paid expenses out of cash	10
	He paid G. Wells cheque \$8910, and was allowed discount	90
8.	He sold merchandise to H. Gibbon	5000

Feb.	8.	He paid expenses out of cash	\$5
		W. Ridge paid cheque \$4950, and was allowed discount	50
		L. Crockett paid cheque \$3960, and was allowed discount	40
12.		He sold merchandise to M. Lee	3000
		He sold merchandise to J. Whiting	4000
		H. Gibbon paid cheque \$4950, and was allowed discount	50
		M. Lee paid cheque \$2970, and was allowed discount	30
		He paid T. Marriott cheque \$9900, and was allowed discount	100
14.		He purchased merchandise from S. Clemts	9000
		He sold merchandise to L. Stockton	5000
		J. Whiting paid cheque \$3960, and was allowed discount	40
		He sold merchandise for cash	200
		He purchased merchandise for cheque	150
		He purchased equipment for cheque	250
18.		He sold merchandise to M. Dent	5000
		He sold merchandise to T. Ree	3000
		He paid expenses out of cash	15
		He sold merchandise for cash	200
21.		He purchased merchandise from T. Lamb	6000
		He sold merchandise for cash	180
		He purchased merchandise for cheque	120
27.		He sold merchandise to J. Gardiner	2000
28.		He sold merchandise to W. Harris	4000
		He sold merchandise to H. Bergson	3000
		He paid salaries by cheque \$420, and expenses by cheque	130
Mar.	1.	He purchased merchandise from R. Lang	8000
		H. Bergson paid cheque \$2970, and was allowed discount	30
		He drew from Bank for Petty Cash	30
		T. Rae paid cheque \$2970, and was allowed discount	30
	2.	He sold merchandise to S. Weyman	4000
		He sold merchandise to J. Ferguson	5000
		He paid expenses out of cash	10
	4.	He sold merchandise to J. Whiting	3000
		J. Gardiner paid cheque \$1980, and was allowed discount	20
		W. Harris paid cheque \$3960, and was allowed discount	40
	7.	He purchased merchandise from T. Harriott	8000
		He paid K. Jackson by cheque	8000
		He paid S. C. Clements cheque \$8910, and was allowed discount	90
	10.	He sold merchandise to H. Cartwright	4000
		He sold merchandise to M. Lee	5000
		He sold merchandise to L. Crockett	2000
		He paid expenses by cheque	220
14.		He purchased merchandise from G. Wells	5000
		J. Whiting paid cheque \$2970, and was allowed discount	30
		S. Weyman paid cheque \$3960, and was allowed discount	40
		He paid T. Lamb cheque \$5940, and was allowed discount	60
18.		He sold merchandise to H. Gibbon	3000
		He sold merchandise to T. Rae	4000
		J. Ferguson paid cheque \$4950, and was allowed discount	50
20.		He sold merchandise for cash	500
		He purchased merchandise for cheque	200
		He paid expenses by cheque	120
21.		He purchased merchandise from L. Bedford	8000
		He sold merchandise to J. Ferguson	2000
24.		He sold merchandise to W. Ridge	6000
		He sold merchandise to H. Dobson	3000

Mar. 24.	He sold merchandise to W. Harris	\$1000
	He purchased equipment from H. Thomas	500
	He sold merchandise for cash	1000
28.	He purchased merchandise from W. Telson	6000
	He sold merchandise to W. Carlyle	2000
	He paid H. Thomas cheque for \$495, and was allowed discount	5
	He paid R. Laing cheque for \$7920, and was allowed discount	80
31.	He paid expenses out of cash	15
	He drew from Bank for Petty Cash	25
	He paid salaries by cheque	480
	He paid expenses by cheque	180

His merchandise inventory at close was \$5000.

F 23.

L. Dickson started business on the 1st July with the following assets: cash in bank \$6000, merchandise \$3000, equipment \$2000, land \$20000, buildings \$15000.

He owed \$10000 to W. Smith, which was secured by mortgage on the buildings, and on which interest at 6 per cent per annum was to be paid half-yearly, 30th June and 31st Dec.

July	1.	He drew from Bank for Petty Cash	\$50
	2.	He purchased merchandise from J. Anderson	10000
	4.	He paid expenses by cash	12
	8.	He sold merchandise to R. Graham	3000
	10.	He purchased equipment by cheque	800
	16.	He sold merchandise to W. Sharpe	5000
	18.	He paid expenses by cash	6
	21.	He sold merchandise to W. Watson	8000
		He sold merchandise to D. Robertson	7000
		He purchased merchandise from G. Muir	9000
	24.	R. Graham paid cheque \$2970, and was allowed discount	30
		W. Sharpe paid cheque \$4950, and was allowed discount	50
		He paid J. Anderson cheque \$9900, and was allowed discount	100
	27.	He sold merchandise to J. Wood	4000
		W. Watson paid cheque \$7920, and was allowed discount	80
		D. Robertson paid cheque \$6930, and was allowed discount	70
	28.	He sold merchandise to A. Fairgreive	6000
		H. Wood paid cheque \$3960, and was allowed discount	40
		He sold merchandise for cash	300
	31.	He paid salaries with cheque \$640 and expenses out of cash	24
		He sold merchandise to G. Sempill	3000
		He purchased equipment from D. Page	2000
Aug.	1.	He drew from Bank for Petty Cash	42
		He purchased merchandise from J. Melvin	10000
		A. Fairgreive paid cheque \$5940, and was allowed discount	60
		G. Sempill paid cheque \$2970, and was allowed discount	30
	4.	He sold merchandise to J. Allan	2000
		He sold merchandise to R. Bell	6000
		He sold merchandise to W. Harvie	8000
	6.	He paid expenses by cash	9

Aug.	6.	He purchased merchandise from T. Scott	\$9000
	8.	He sold merchandise to D. Leslie	4000
	10.	He sold merchandise to W. Mercer	6000
		He sold merchandise to H. Locke	5000
	15.	He purchased merchandise from R. Carson	10000
		He sold merchandise for cash	1400
	17.	He sold merchandise to P. Lang	8000
		He sold merchandise to W. Douglas	6000
	19.	J. Allan paid cheque \$1980, and was allowed discount	20
		R. Bell paid cheque \$5960, and was allowed discount	60
		He paid G. Muir \$8910, and was allowed discount	90
	21.	W. Harvie paid cheque \$7920, and was allowed discount	80
		D. Leslie paid cheque \$3960, and was allowed discount	40
	24.	He paid expenses by cash	8
		He purchased merchandise from W. Shields	12000
		He sold merchandise for cash	1200
	26.	He sold merchandise to J. Crossan	6000
		He sold merchandise to W. Dawson	5000
	28.	He sold merchandise to N. Wallis	5000
		W. Mercer paid cheque \$5940, and was allowed discount	60
		W. Harvie paid cheque \$4950, and was allowed discount	50
		He paid R. Corson cheque \$9900, and was allowed discount	100
	31.	He paid salaries with cheque \$640, and expenses out of cash	30
		He purchased merchandise from J. Crosbie	8000
		He purchased merchandise by cheque	800
Sept.	1.	He drew from Bank for Petty Cash	47
		W. Douglas paid cheque \$5940, and was allowed discount	60
		J. Crossan paid cheque \$5940, and was allowed discount	60
		He paid J. Melvin cheque \$9900, and was allowed discount	100
	4.	He sold merchandise to W. Harvie	5000
		He sold merchandise to G. Drew	6000
		He sold merchandise to D. Leslie	2000
	6.	He paid expenses by cash	12
		He purchased merchandise from T. Wardlaw	10000
		He sold merchandise to J. Allan	4000
		He sold merchandise for cash	1000
	7.	W. Harvie paid cheque \$4950, and was allowed discount	50
		P. Lang paid cheque \$7920, and was allowed discount	80
		He sold merchandise for cash	1000
	8.	He sold merchandise to W. Mercer	6000
		He sold merchandise to H. Locke	5000
		He paid W. Shields cheque \$11880, and was allowed discount	120
	10.	He purchased merchandise from J. Anderson	8000
		He sold merchandise for cash	2000
	14.	He sold merchandise to A. Fairgrieve	4000
		He sold merchandise to W. Watson	5000
		J. Allan paid cheque \$3960, and was allowed discount	40
		W. Dawson paid cheque \$4950, and was allowed discount	50
	16.	He sold merchandise to W. Douglas	2000
		He paid J. Crosbie cheque \$7920, and was allowed discount	80
		He sold merchandise for cash	1000
	18.	He sold merchandise to D. Robertson	3000
		He sold merchandise to J. Crossan	1000
		He sold merchandise for cash	300
		He purchased merchandise for cheque	500
		He sold merchandise for cash	1500
	20.	He paid expenses by cash	15

Sept. 20.	He purchased merchandise from J. Melvin	\$10000
	He sold merchandise for cash	200
	He paid expenses by cheque	500
22.	He sold merchandise to R. Graham	5000
	He sold merchandise to J. Wood	6000
	He sold merchandise to W. Sharpe	4000
	H. Locke paid cheque \$4950, and was allowed discount	50
	He paid T. Scott cheque	9000
24.	He purchased merchandise from W. Shields	8000
	W. Watson paid cheque \$4950, and was allowed discount	50
	A. Fairgrieve paid cheque \$3960, and was allowed discount	40
	He sold merchandise for cash	800
	He paid D. Page by cheque	2000
26.	He sold merchandise to J. Allan	6000
	He sold merchandise to G. Sempill	6000
	He purchased merchandise from J. Crosbie	9000
	He sold merchandise to W. Dawson	1000
	He paid T. Wardlaw cheque \$9900, and was allowed discount	100
28.	He sold merchandise to R. Bell	5000
30.	He paid salaries with cheque \$700, and expenses out of cash	18

His merchandise inventory at 30th September was valued at \$7000.

*Group G.**Exercises Nos. 24-30.*

Special Features. Imprest System for Petty Cash.
Accrued Expenses.
Bill of Exchange Receivable and Payable.
Retiral and Discounts of Bills of Exchange.
Profit and Loss Statement.

Books. General Journal.
Sales Journal.
Purchases Journal.
Cash Book (see Cash Book ruling No. 3).¹
Petty Cash Book.
Ledger.

Instructions.

Write up the books.

All cash and cheques when received are paid into the bank daily. All large payments are made by cheque. All small payments are made through the Petty Cash.

Make all necessary transfers and adjustments through the General Journal.

Close off the Ledger ready for the next period.

Prepare Profit and Loss Statement for the whole period under review, and Balance Sheet as at the close of that period.

¹ (But see Note below Index to Suggested Rulings.)

G 24.

On 1st July W. Connel started business with the following : cash in Bank of Montreal \$6000, merchandise \$6500, office equipment \$3000, buildings \$10000, land \$7000.

He owed \$5000 to H. Crosby, and on this loan had to pay interest at 6 per cent per annum, half-yearly at 30th June and 31st Dec.

W. Connel's transactions for the month of July were as follows—

July 1.	He withdrew from Bank for Petty Cash	\$50
	Purchased merchandise on credit from L. Kelly	4500
2.	Paid expenses out of cash	4
	Purchased office equipment for cheque	260
5.	Sold merchandise on credit to T. Edwards	5500
	Paid expenses out of cash	5
6.	Sold merchandise on credit to H. Matthews	7800
	Paid L. Kelly cheque for	4445
	to settle his account, being allowed discount	45
10.	Sold merchandise for cash	450
	T. Edwards paid cheque for	5445
	to settle his account. He was allowed discount	55
15.	Purchased merchandise on credit from W. King	8000
	Paid expenses out of cash	8
16.	Sold merchandise on credit to T. Edwards	4000
	Paid expenses by cheque	250
17.	Sold merchandise for cash	300
	Purchased merchandise on credit from L. Kelly	1000
18.	Sold merchandise on credit to S. Pearson	7000
	Paid expenses out of cash	2
22.	Purchased merchandise on credit from W. Watson	5000
24.	Sold merchandise for cash	200
	Paid expenses out of cash	9
26.	Sold merchandise for cash	150
	Sold merchandise on credit to H. Spens	3000
	H. Matthews paid cheque for	7722
	to settle his account, being allowed discount	78
29.	Sold merchandise on credit to H. Matthews	4000
	Paid expenses out of cash	12
	Paid W. King cheque for	7920
	to settle his account, being allowed discount	80
31.	Sold merchandise for cash	750
	Petty Cashier is given cheque to recoup him for his expenditure for the month	
	Paid salaries for the month by cheque	480
	Paid expenses by cheque	2

His merchandise inventory at the close of the period was valued at \$6400.

Other than \$50 Petty Cash retained in the office for all payments under \$20, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal. All payments over \$20 were made by cheque.

G 25.

On the 1st January J. Lynch started business with the following assets: merchandise \$6000, cash in bank \$10000, office equipment \$800, buildings \$7000, land \$8000.

He owed J. Laidlaw \$3000, interest at 6 per cent being payable half-yearly.

Jan.	1.	He sold merchandise on credit to W. Kitson	\$5000
		He drew out of Bank for Petty Cash	50
	3.	He paid expenses by cash	5
	5.	He sold merchandise on credit to H. Harvie	6000
		He purchased merchandise on credit from M. Malcolm	8000
	8.	He paid expenses by cheque	126
	10.	He sold merchandise on credit to G. Roberts	5000
	13.	H. Harvie paid cheque \$3940, being allowed discount	60
		W. Kitson paid cheque \$4950, being allowed discount	50
	16.	He purchased merchandise on credit from J. Veitch	6000
	18.	He paid M. Malcolm cheque \$7920, being allowed discount	80
	23.	He sold merchandise on credit to W. Scott	4000
	25.	G. Roberts paid cheque \$4950, being allowed discount	50
		He sold merchandise for cash	400
	27.	He purchased equipment by cheque	250
	31.	He sold merchandise on credit to C. Balfour	4000
		He paid salaries by cheque \$450 and expenses by cash	10
Feb.	1.	He gave Petty Cashier cheque for	15
	3.	He sold merchandise on credit to C. Balfour	3000
	6.	He purchased merchandise on credit from M. Malcolm	9000
	9.	He paid expenses by cash	10
	12.	He sold merchandise for cash	300
		C. Balfour paid cheque \$3960, being allowed discount	40
	15.	He sold merchandise on credit to P. Durie	5000
	19.	He purchased merchandise on credit from H. Harvie	7000
	21.	He purchased merchandise by cheque	200
		He paid J. Veitch cheque in settlement	6000
	24.	He sold merchandise on credit W. Kitson	4000
	27.	W. Scott paid cheque in settlement of his account	4000
	28.	He paid salaries by cheque \$430 and expenses by cash	15
		He gave Petty Cashier cheque for	25

His merchandise inventory at the 31st January was taken at \$9000. Salaries had accrued, but not been paid, amounting to \$56.

G 26.

W. Sykes commenced business on the 1st January with the following assets: cash in bank \$5000, merchandise \$6000, equipment \$2000, buildings \$8000, land \$6000.

He owed \$2000 to F. Gordon, on which he had to pay interest half-yearly at 6 per cent, on the 30th June and 31st December.

His transactions were as follows for his first quarter—

Jan.	1.	He withdrew from Bank for Petty Cash	\$50
		He sold merchandise on credit to A. MacLaren	2000
	5.	He sold merchandise on credit to F. Williams	5000
	15.	He paid expenses cash	5
	20.	He sold merchandise on credit to J. Winter	6000
		He paid expenses by cheque	50
	25.	A. MacLaren paid cheque	1980
		being allowed discount	20
		He made cash sales	80
	30.	He sold merchandise on credit to R. Findlay	7000
		He purchased merchandise on credit from J. Hayes	9000
	31.	He sold merchandise on credit to H. Woodley	6000
		He paid expenses by cash	15
		He paid salaries by cheque	400
Feb.	2.	H. Woodley paid cheque for	5940
		being allowed discount	60
		He made cash sales	400
		He paid expenses by cash	10
	7.	He sold merchandise on credit to H. Hoodley	4000
		He paid expenses by cash	8
	12.	R. Findlay paid cheque	6930
		being allowed discount	70
		He made cash sales	600
	18.	J. Winter gave him a Bill Receivable one month for	6000
		He paid expenses by cash	6
	27.	He sold merchandise on credit to R. Findlay	2000
		He paid salaries by cheque	380
		He paid expenses by cash	4
Mar.	1.	He purchased merchandise on credit from F. Shaw	9000
	7.	F. Williams paid cheque	4950
		being allowed discount	50
		He paid expenses by cash	6
		He made cash sales	80
	10.	He sold merchandise on credit to A. MacLaren	4000
		He paid J. Hayes cheque for	8910
		being allowed discount	90
		He paid expenses by cheque	75
	18.	He sold merchandise on credit to L. H. Smith	2000
	21.	J. Winter meets his bill for	6000
	24.	He purchased merchandise on credit from J. Robinson	2000
		He paid expenses by cash	5
	28.	He sold merchandise on credit to F. Williams	4000
		He made cash sales	70
		He paid expenses by cheque	200
	31.	He paid salaries by cheque	410
		He paid expenses by cash	8

His merchandise inventory at the close of the period was valued at \$6000.

All payments above \$20 were made by cheque.

G 27.

J. Broomfield commenced business on the 1st July with the following assets: cash in bank \$3500, merchandise \$5000, office equipment \$1000, buildings \$8000, land \$7000.

He owed \$3000 to G. Ainslie, and had to pay interest on this loan at 6 per cent per annum, half-yearly at 30th June and 31st December.

J. Broomfield's transactions for the month of July were as follows—

July	1. He drew cheque on Bank for Petty Cash	\$20
	2. He sold merchandise on credit to W. Dunlop	4000
	3. He paid expenses out of Petty Cash	6
	4. He purchased equipment by cheque	500
	8. He sold merchandise on credit to A. Selkirk	1000
	He sold merchandise on credit to C. Hope	5000
	C. Hope gave him a Bill Receivable for	5000
14.	He purchased merchandise on credit from C. Swinton	6000
	W. Dunlop paid cheque for \$3960 and was allowed discount	40
	He sold merchandise for cash	200
15.	He discounted C. Hope's bill with the bank, allowing it \$25 discount, and receiving as proceeds	4975
18.	He gave C. Swinton a Bill Payable for	6000
	He purchased merchandise on credit from C. Swinton	1000
	He purchased merchandise on credit from C. Smith	2000
23.	He sold merchandise on credit to W. Dunlop	4000
	He sold merchandise for cash	300
	A. Selkirk paid him cheque \$990 being allowed discount	10
24.	He purchased merchandise on credit from C. Smith	3000
	He paid C. Smith cheque \$1980, being allowed discount	20
	He paid expenses out of Petty Cash	8
31.	He sold merchandise on credit to C. Hope	2000
	He reimbursed the Petty Cashier for expenditure made by him during the month.	
	He paid salaries by cheque \$350, and expenses by cheque	124

His merchandise inventory at 31st July was valued at \$6000.

He paid all cash and cheques as and when received daily into the bank.

He made all payments over \$10 by cheque. The remainder were made through Petty Cash.

G 28.

D. Whitelaw commenced business on the 1st July with the following assets: cash in bank \$3000, merchandise \$2000, equipment \$1000, buildings \$4000, land \$3000.

He owed \$1000 to J. Deans, interest at 6 per cent being payable half-yearly, 30th June and 31st December.

His transactions for July were as follows—

July	1. He drew from Bank for Petty Cash	\$50
	3. He sold merchandise on credit to T. Lunn	1500
	He paid expenses by cash	8
	4. He purchased merchandise on credit from J. Forster	4000
	T. Lunn gave Bill Receivable for	1500
	5. He sold merchandise on credit to G. Young	1000
	He discounted T. Lunn's bill with Bank, proceeds	1485
	He sold merchandise for cash	100
	He purchased merchandise for cheque	200
	7. He sold merchandise on credit to W. Haig	500
	He paid J. Forster cheque \$3960, being allowed discount	40
	9. G. Young paid cheque \$990, being allowed discount	10
	W. Haig paid cheque \$495, being allowed discount	5
	10. He sold merchandise on credit to D. Lawson	2500
	He purchased equipment by cheque	300
	11. He sold merchandise on credit to R. Dodds	2000
	He paid expenses by cash	7
	12. He purchased merchandise on credit from J. Forster	5000
	He gave J. Forster a Bill Payable (30 days) for	5000
	14. He sold merchandise on credit to A. Telfer	1000
	D. Lawson paid cheque \$2475, being allowed discount	25
	R. Dodds paid cheque \$1980, being allowed discount	20
	15. He sold merchandise for cash	150
	A. Telfer paid cheque \$990, being allowed discount	10
	16. He sold merchandise on credit to G. Young	2000
	He purchased merchandise on credit from A. Mack	3000
	18. He sold merchandise on credit to A. Telfer	2000
	He paid expenses by cash	9
	21. He sold merchandise on credit to T. Lunn	4000
	A. Telfer gave Bill Receivable for	2000
	22. He paid A. Mack cheque for \$2970, being allowed discount	30
	He paid expenses by cash	8
	24. He sold merchandise on credit to D. Lawson	2000
	26. He sold merchandise on credit to R. Dodds	2000
	He paid expenses by cheque	56
	28. He purchased merchandise on credit from J. Kerr	3000
	He paid expenses by cash	8
	29. He sold merchandise for cash	120
	He paid expenses by cash	5
	30. He sold merchandise on credit to W. Haig	1500
	31. He paid expenses by cash	2
	He recouped Petty Cashier, bringing his balance in hand up to	50
	He paid expenses by cheque	125
	He paid salaries by cheque	364

His merchandise inventory at the 31st July was valued at \$2000. All payments over \$10 were made by cheque The remainder were made through the Petty Cash.

G 29.

W. Chalmers commenced business on the 1st January with the following assets: cash in bank \$2000, merchandise \$1000, equipment \$600, buildings \$5000, land \$3000.

He owed \$2000 to W. Combe, interest at 6 per cent being payable half-yearly at the 30th June and 31st December.

His transactions for January were as follows—

Jan.	1.	He drew from Bank for Petty Cash	\$50
		He purchased merchandise on credit from W. Nairn	3000
	3.	He sold merchandise on credit to A. Knox	500
		A. Knox gave Bill Receivable for	500
		He gave W. Nairn a Bill Payable for	3000
	5.	He sold merchandise on credit to A. Lorimer	1500
		He discounted A. Knox's bill with Bank, proceeds	495
	7.	He sold merchandise on credit to J. Gow	1000
		He paid expenses by cash	8
	9.	He sold merchandise on credit to A. Cessford	2000
	10.	He purchased merchandise on credit from A. Wilson	5000
		W. Nairn agrees to allow him to retire his bill of exchange, accepting \$2985, discount	15
	11.	A. Lorimer paid cheque \$1485, he was allowed discount	15
		J. Gow paid cheque \$990, he was allowed discount	10
		He paid expenses by cash	7
	12.	He sold merchandise on credit to J. Hume	3000
		A. Cessford gave Bill Receivable for	2000
		He paid expenses by cash	9
	14.	He sold merchandise on credit to W. Sanderson	2500
		J. Hume paid cheque \$2970, he was allowed discount	30
		He sold merchandise for cash	300
		He paid A. Wilson cheque \$4950, receiving discount	50
	15.	He purchased merchandise on credit from W. Nairn	4000
		He paid expenses by cash	8
	16.	He sold merchandise on credit to A. Lorimer	3000
	17.	He sold merchandise on credit to A. Cessford	2000
	18.	He purchased merchandise on credit from W. Walker	6000
	19.	He gave W. Walker a Bill Payable for	6000
		He paid expenses by cash	8
	21.	He sold merchandise on credit to A. Brown	2000
		He purchased equipment by cheque	146
	22.	He sold merchandise on credit to A. Knox	3000
		A. Brown paid cheque \$1980, being allowed discount	20
		He sold merchandise for cash	150
	23.	He paid W. Nairn cheque \$3960, being allowed discount	40
	24.	He sold merchandise on credit to R. Handyside	2000
		He paid expenses by cash	5
	25.	He purchased merchandise on credit from A. Wilson	3000
		R. Handyside gave Bill Receivable for	2000
	26.	He sold merchandise on credit to H. Webb	2000
		He discounted R. Handyside's bill with Bank, proceeds	1980
		He sold merchandise for cash	100
	28.	He paid expenses by cheque	142
	29.	He sold merchandise on credit to J. Gow	1500

Jan. 29.	He purchased merchandise on credit from W. Nairn . . .	\$4000
30.	He sold merchandise on credit to A. Brown . . .	1000
31.	He paid expenses by cash . . .	2
	He gave Petty Cashier cheque to bring his balance of cash up to . . .	50
	He paid expenses by cheque . . .	165
	He paid salary by cheque . . .	387

His merchandise inventory at 31st January was valued at \$4500.

All payments over \$10 were made by cheque. The remaining payments were made through the Petty Cash.

G 30.

H. Stewart commenced business on the 1st January with the following assets: cash in Bank of Montreal \$5000, merchandise \$8000, equipment \$2000, buildings \$6000, land \$4000.

He owed \$1000 on open account to W. Blake.

He owed \$3000 to S. Headlam on which he had to pay interest at the rate of 6 per cent per annum.

All payments over \$10 are made by cheque.

Jan. 1.	He sold merchandise on credit to F. Crane . . .	\$2000
	He withdrew from Bank for Petty Cash . . .	50
2.	He made cash sales . . .	400
	He paid expenses by cheque . . .	220
3.	He sold merchandise on credit to L. Young . . .	4000
	F. Crane gave a Bill Receivable for . . .	2000
4.	He sold merchandise on credit to E. Post . . .	3000
	He discounted F. Crane's bill with Bank, proceeds . . .	1990
5.	He purchased merchandise on credit from T. Hazlitt . . .	7000
	He sold merchandise on credit to P. Tarrant . . .	1000
	He paid expenses by cash . . .	6
8.	L. Young paid cheque \$3960, being allowed discount . . .	40
	E. Post paid cheque \$2970, being allowed discount . . .	30
9.	He sold merchandise on credit to A. Beatty . . .	2000
	He paid T. Hazlitt by cheque \$6970, being allowed discount . . .	30
10.	P. Tarrant paid cheque \$990, being allowed discount . . .	10
	He made cash sales . . .	100
	A. Beatty gave Bill Receivable for . . .	2000
11.	He sold merchandise on credit to F. Crane . . .	4000
	He discounted A Beatty's bill with Bank, being charged discount . . .	10
12.	He purchased merchandise on credit from L. Hearn . . .	9000
	He paid expenses by cash . . .	5
14.	He sold merchandise on credit to T. Carlyle . . .	3000
	He gave L. Hearn a Bill Payable for . . .	9000
15.	T. Carlyle paid cheque \$2970, being allowed discount . . .	30
	He made cash sales . . .	100
16.	He sold merchandise on credit to E. Post . . .	6000
	He paid expenses by cash . . .	4
17.	He purchased merchandise no credit from T. Hazlitt . . .	8000
	He paid W. Blake cheque \$990, being allowed discount . . .	10

Jan. 18.	He sold merchandise on credit to A. Beatty	\$5000
	He paid expenses by cash	6
19.	E. Post gave Bill Receivable for	6000
	He paid expenses by cheque	400
	He paid expenses by cash	8
21.	He sold merchandise on credit to E. Post	5000
	He purchased merchandise for cheque	200
22.	He paid expenses by cash	8
23.	He sold merchandise on credit to P. Tarrant	4000
24.	He purchased merchandise on credit from H. Donald	6000
	F. Crane paid cheque for \$3960, being allowed discount	40
	A. Beatty paid cheque for \$4950, being allowed discount	50
25.	He sold merchandise on credit to L. Young	3000
26.	He paid expenses by cash	10
28.	He sold merchandise on credit to F. Carlyle	2000
29.	He made cash sales	200
30.	He sold merchandise on credit to F. Crane	4000
31.	He paid salaries by cheque	420
	He paid expenses by cheque	150
	He paid expenses by cash	8
	He gave Petty Cashier cheque sufficient to bring his balance of Petty Cash up to	50

Write depreciation off the equipment at 3 per cent per annum,
and off the buildings at 6 per cent per annum.

His merchandise inventory at 31st January was valued at \$3000.

*Group H.**Exercises Nos. 31-32.**(See also E, F, and G.)*

Special Features. Use of Cash Book suitable for an office in which all cash and cheques received are not banked daily, but in which large sums of cash are retained in the office, and large payments are made out of cash in the office.

Books. General Journal.

Sales Journal.

Purchases Journal.

Cash Book (see Rulings, Cash Books Nos. 5 and 7).

Ledger.

NOTE. The Cash Book should be ruled so as to show readily at any hour the balance of cash and cheques in the office, and, by taking the difference between the bank columns, the balance in the bank.

Instructions.

Write up the books.

Make the necessary transfers and adjustments through the General Journal.

Close off the Ledger ready for the next period.

Prepare Profit and Loss Statement for the period under review, and Balance Sheet for the close of the period.

H 31.

On 1st July, J. King commenced business with the following assets: cash in office \$100, cash in bank \$6000, merchandise \$8000, office equipment, fixtures, etc. \$2000, buildings \$12000, land \$8000.

He owed \$5000 to D. Anderson, interest being payable at 6 per cent per annum at 30th June and 31st December.

His transactions for the month of July were as follows—

July 2.	He purchased merchandise on credit from S. Ford	\$2000
	He purchased office equipment for cash	50
4.	He paid S. Ford's account by cheque	1980
	being allowed discount	20
	He paid office expenses by cash	15
6.	He sold merchandise on credit to H. Hughes	5000
10.	He sold merchandise on credit to S. Adair	6000
	He purchased merchandise on credit from K. Norris	7000
	H. Hughes settled his account by cheque	4950
	being allowed discount	50
	He sold merchandise for cash	100
	He paid into the Bank cheque and cash	5050
12.	He sold merchandise on credit to A. Trudeau	1000
	He sold merchandise for cash	200
	S. Adair gave a Bill Receivable (60 days)	6000
	He paid office expenses out of cash	50
16.	He sold merchandise on credit to A. Macdonald	4000
	He sold merchandise on credit to E. Meekison	5000
	He paid K. Norris by cheque	6970
	being allowed discount	30
18.	He purchased merchandise on credit from S. Ford	6000
	A. Trudeau settled his account by cheque	990
	being allowed discount	10
	He paid into the Bank cheque and cash	1090
19.	He sold merchandise on credit to H. Hughes	5000
	He gave S. Ford a Bill Payable (60 days)	6000
	A. Macdonald settles his account with cheque	3960
	being allowed discount	40
	He pays this cheque into the bank	
	He pays office expenses out of cash	30
23.	He sold merchandise on credit to A. Macdonald	4000
	He purchased merchandise on credit from K. Norris	8000
	H. Hughes gave him a Bill Receivable (60 days)	5000
25.	He purchased merchandise on credit from A. Watt	2000
	E. Meekison settled his account by cheque	4950
	being allowed discount	50
	He sold merchandise for cash	150
	He paid into bank cheque and cash	5000
27.	He sold merchandise on credit to A. Trudeau	5000
	He discounted H. Hughes' Bill Receivable with the bank proceeds	4940
	He sold merchandise for cash	50
	He paid office expenses out of cash	25
31.	He paid salaries by cheque	625

Jan. 31.	He paid office expenses by cash	\$80
	He drew out of bank for private purposes	400

His inventory of merchandise at 31st July was valued at \$6500.

In addition to interest on the loan, office expenses had accrued, but had not been paid, amounting to \$75.

H 32.

On 1st January, J. Benson started business with the following assets: merchandise \$6000, cash in bank \$16000, cash in office \$50, office equipment \$500, land \$10000, buildings \$6000, totalling \$38550.

He still owed \$2000 to H. Jones, being part of the purchase price of the buildings. Interest at 6 per cent per annum was payable on this at 30th June and 31st December.

The following were his transactions for the month of January—

Jan.	1.	Purchased merchandise on credit from W. Simpson	\$4000
	2.	Purchased merchandise on credit from C. Lewis	5000
	3.	Sold merchandise on credit to C. Hollinshead	8000
	4.	Paid C. Lewis' account in full by cheque, being allowed discount	200
	5.	Purchased merchandise from R. Johnson on credit	4000
		Paid office salaries by cheque	600
	6.	Returned merchandise to R. Johnson as not being up to sample	500
		Paid general office expenses out of cash	20
	8.	Purchased merchandise for cheque	500
	9.	Purchased merchandise from C. Lewis on credit	3000
		Gave C. Lewis a Bill Payable in 30 days for	3000
	10.	Sold on credit to W. Wilson merchandise	8000
	11.	Sold on credit to C. Hollinshead merchandise	800
	12.	Paid W. Simpson cheque for	4750
		being allowed discount	250
		Paid office salaries by cheque	600
	13.	Offered to retire the Bill Payable given to C. Lewis, he agreed, and allowed discount \$150, paid cheque	2850
		Drew cash out of the bank	45
		and paid general office expenses for the week	25
	15.	Paid R. Johnson cheque on account	3000
		W. Wilson returns goods sent in error, and pays cash	1000
		on account which is banked at once	5000
		Paid general office expenses out of cash	20
	16.	Sold on credit to M. Hogan merchandise	7500
		M. Hogan gave Bill Receivable at 30 days	7500
	17.	C. Hollinshead paid cheque for	7600
		and was allowed discount	400
		Made cash sales of merchandise	600
		Paid cash and cheque into bank	8200
	18.	Sold C. Hollinshead merchandise on credit	4600
	19.	Paid office salaries by cheque	300

Jan. 20.	Paid general office expenses out of cash	\$15
22.	Made cash sales of merchandise	1400
	Paid cash into bank	1085
	Paid general office expenses out of cash	100
22.	Purchased merchandise from H. Duncan on credit	10000
23.	Sold merchandise on credit to R. Johnson	5000
24.	Allowed M. Hogan to retire his Bill Receivable dated 16th, and he paid in cheque for	7175
	being allowed discount	325
25.	Paid general office expenses out of cash	50
	Purchased merchandise for cheque	2000
26.	Paid salaries by cheque	600
27.	Paid general office expenses out of cash	15
30.	Sold on credit to M. Hogan merchandise	3000
31.	Purchased from C. Lewis on credit merchandise	6000
	He draws out of bank for private purposes	500

Merchandise inventory at the 31st January was taken at \$11000.

Salaries had accrued, but had not been paid, amounting to \$400.

*Group I.**Exercises Nos. 33-35.*

Special Features. Control or Total Accounts for Subsidiary Ledgers.

Books. General Journal.

Sales Journal.

Purchases Journal.

Cash Book (see Cash Book ruling No. 4).¹

Petty Cash Book.

Ledger : General or Private.

„ Accounts Receivable, Sundry Debtors, or Trade Debtors.

„ Accounts Payable, Sundry Creditors, or Trade Creditors.

Instructions.

All cash and cheques when received are paid daily into the bank.

All cash payments are made through the Petty Cash. The remainder are by cheque.¹

All sales and purchases are on credit unless stated differently.

Make the necessary entries in the books of original entry.

Open control accounts in the General Ledger for the Trade Debtors and Trade Creditors. Agree the totals of the balances of these accounts with their own Ledgers, respectively.

Take out a Trial Balance.

Make necessary transfers and adjustments in the General Journal and post them.

Take out a Final Trial Balance.

Prepare a Profit and Loss Statement for the whole period under review.

Prepare a Balance Sheet as at the close of that period.

¹ (But see Note below Index to Suggested Rulings.)

I 33.

John Richardson commenced business on the 1st January with the following assets : cash in bank \$4000, merchandise \$6000, land \$10000, buildings \$12000, equipment \$4000.

He owed P. Ritchie \$8000 on which he paid interest at 8 per cent per annum at 30th June and 31st December.

Jan.	1	He withdrew from Bank for Petty Cash	\$50
		He purchased merchandise from D. Rolls	6000
		He sold merchandise to J. Haslam	4000
		He sold merchandise to S. Williams	4000
	4.	He sold merchandise to J. Benson	2000
		He sold merchandise to W. Joseph	6000
		He sold merchandise to S. Fisher	4000
	8.	He paid expenses out of cash	10
		He paid expenses by cheque	150
		S. Williams paid cheque \$3960, discount	40
		J. Benson paid cheque \$1980, discount	20
	12.	He purchased merchandise from D. Rae	10000
		He paid expenses out of cash	4
		He sold merchandise for cash	400
	14.	He sold merchandise to G. Aitken	8000
		He sold merchandise to H. Wright	4000
		W. Joseph paid cheque \$5940, discount	60
		S. Fisher paid cheque \$3960, discount	40
	18.	H. Wright paid cheque \$3960, discount	40
		He paid D. Rolls cheque \$5940, discount	60
	20.	He purchased merchandise from H. Jones	9000
		J. Haslam paid cheque \$3960, discount	40
	27.	He sold merchandise to M. Cowan	5000
		He sold merchandise to D. Ross	5000
		He paid expenses out of cash	8
	31.	He sold merchandise to H. Wright	4000
		He paid salaries by cheque	600
		G. Aitken paid cheque \$7920, discount	80
		M. Cowan paid cheque \$4950, discount	50
		He sold merchandise for cash	400
Feb.	1.	He drew cheque for Petty Cash	22
		He paid expenses by cheque	120
		H. Wright paid cheque \$3960, discount	40
		D. Ross paid cheque \$4950, discount	50
		He paid H. Jones cheque \$8910, discount	90
	8.	He purchased merchandise from H. Jones	12000
		He sold merchandise to S. Williams	4000
		He paid expenses out of cash	15
		He purchased equipment by cheque	1000
	14.	He sold merchandise to G. Aitken	6000
		He sold merchandise to D. Ross	8000
		He sold merchandise for cash	600
	20.	He paid expenses out of cash	14
		G. Aitken paid cheque \$5940, discount	60
	28.	He paid expenses out of cash	16
		He paid salaries by cheque	580
		He sold merchandise for cash	1000

Feb. 28.	He paid H. Jones on account	\$6000
Mar. 1.	He purchased merchandise from L. Grier	12000
	He sold merchandise to M. Cowan	4000
	He drew cheque for Petty Cash	45
	He sold merchandise for cash	900
9.	He sold merchandise to J. Haslam	5000
	He sold merchandise to S. Fisher	4000
	He sold merchandise to G. Aitken	2000
	He sold merchandise to C. Howard	1000
14.	He paid expenses out of cash	5
	He paid expenses by cheque	160
	He sold merchandise for cash	500
15.	He purchased merchandise from D. Rolls	9000
	He sold merchandise to J. Benson	4000
	He paid expenses out of cash	15
	G. Aitken paid cheque \$1980, discount	20
25.	He sold merchandise to W. Joseph	6000
	He paid expenses by cheque	120
	He paid D. Rae cheque \$9900, discount	100
	He sold merchandise for cash	600
31.	He paid expenses out of cash	10
	He drew cheque for Petty Cash	30
	He paid salaries by cheque	600

His merchandise inventory at the 31st March was \$3000.

I 34.

James Aird commenced business on the 1st January with the following assets: cash in bank \$4000, merchandise \$8000, equipment \$3000, land \$12000, buildings \$15000.

He owed \$10000 to George Reid, to whom he had to pay interest on this sum at 6 per cent per annum at 30th June and 31st December.

His transactions were as follows—

Jan. 1.	He drew cheque on Bank for Petty Cash	\$50
	He sold merchandise to J. Davidson	4000
	He sold merchandise to W. Bond	6000
	He paid expenses out of Petty Cash	5
3.	He purchased merchandise from T. Barker	9000
	J. Davidson paid cheque \$3960, discount	40
	W. Bond paid cheque \$5940, discount	60
	He sold merchandise for cash	100
7.	He sold merchandise to T. Hackett	5000
	He sold merchandise to J. Elder	6000
	He sold merchandise to W. David	1000
	He paid expenses out of Petty Cash	6
10.	He purchased merchandise from P. Kelly	9000
	T. Hackett paid cheque \$4950, discount	50
	J. Elder paid cheque \$5940, discount	60
	He purchased equipment by cheque	300
	He purchased merchandise by cheque	190
14.	He sold merchandise to T. Armstrong	6000

Jan.	14.	He sold merchandise to H. Wainwright	\$4000
		He paid T. Barker cheque \$8910, discount	90
		He paid expenses out of Petty Cash	4
		He paid expenses by cheque	150
	20.	He sold merchandise to L. McGibbon	3000
		He purchased merchandise from S. Durnford	8000
		W. David paid cheque \$990, discount	10
		T. Armstrong paid cheque \$5940, discount	60
	25.	He sold merchandise for cash	150
		He sold merchandise to J. Simpson	5000
He sold merchandise to C. Workman		4000	
He sold merchandise to H. Morgan		2000	
Feb.	31.	H. Wainwright paid cheque \$3960, discount	40
		L. McGibbon paid cheque \$2970, discount	30
		He paid expenses out of Petty Cash	15
		He purchased merchandise from D. Green	8000
	1.	He sold merchandise to R. Kerr	4000
		He sold merchandise to J. Gaunt	3000
		He paid by cheque salaries	360
		He paid expenses out of Petty Cash	10
	4.	He sold merchandise to H. Pettigrew	6000
		He drew cheque on bank for Petty Cash	40
He paid expenses by cheque		200	
He purchased merchandise from P. Kelly		1000	
Mar.	8.	J. Gaunt paid cheque \$2970, discount	30
		He paid S. Durnford \$7920, discount	80
		He sold merchandise for cash	200
		He sold merchandise to L. McGibbon	5000
	10.	J. Simpson paid cheque \$4950, discount	50
		C. Workman paid cheque \$3960, discount	40
		He paid expenses out of Petty Cash	10
		He sold merchandise to J. Davidson	4000
	20.	He purchased equipment by cheque	100
		He paid expenses by cheque	60
He purchased merchandise by cheque		150	
He sold merchandise to W. Bond		2000	
Feb.	24.	He purchased merchandise from S. Durnford	8000
		He paid expenses out of Petty Cash	12
		He sold merchandise to J. Gaunt	5000
		W. Bond paid cheque \$1980, discount	20
	28.	L. McGibbon paid cheque \$4950, discount	50
		He sold merchandise for cash	180
		He sold merchandise to P. Connor	6000
		He purchased merchandise for cheque	200
	1.	He sold merchandise to H. Little	1000
		He paid P. Kelly cheque \$9900, discount	100
He paid salaries by cheque		340	
He paid expenses out of Petty Cash		15	
Mar.	4.	He sold merchandise for cash	300
		He purchased merchandise from P. Kelly	9000
		He sold merchandise to H. Wainwright	4000
		P. Connor paid cheque \$5940, discount	60
	1.	He drew cheque on bank for Petty Cash	37
		He paid expenses by cheque	90
		He sold merchandise to T. Armstrong	6000
		J. Gaunt paid cheque \$4950, discount	50
	H. Pettigrew paid cheque \$5940, discount	60	

Mar. 10.	He sold merchandise to J. Simpson	\$3000
	He paid D. Green cheque \$7920, discount	80
	He paid expenses out of Petty Cash	10
	He sold merchandise for cheque	200
16.	He purchased merchandise from T. Barker	6000
	T. Armstrong paid cheque \$5940, discount	60
	H. Wainwright paid cheque \$3960, discount	40
	He purchased merchandise from D. Green	2000
	He paid expenses out of Petty Cash	12
20.	He sold merchandise to T. Hackett	4000
	He sold merchandise to P. Connor	2000
	He paid expenses out of Petty Cash	15
26.	He sold merchandise to J. Elder	4000
	He paid expenses out of Petty Cash	10
	He sold merchandise for cheque	160
31.	He sold merchandise to W. David	2000
	He paid salaries by cheque	360
	He drew cheque on bank for Petty Cash	47
	He sold merchandise for cheque	250
	He withdrew from Bank for private purposes	400

His merchandise inventory at 31st March was valued at \$3000.

I 35.

T. Spencer commenced business on the 1st January with the following assets: cash in bank \$6000, merchandise \$8000, land \$14000, buildings \$20000, equipment \$2000. He owed B. Leith \$10000, on which he paid interest at 30th June and 31st December, at the rate of 8 per cent per annum. His transactions for his first quarter were as follows—

Jan. 1.	He drew cheque for Petty Cash	\$50
	He sold merchandise to D. Ritson	2000
	He sold merchandise to P. Whitely	5000
	He paid expenses out of Petty Cash	10
	He paid expenses by cheque	210
4.	He sold merchandise to S. Barr	4000
	He purchased merchandise from S. McClure	6000
	He sold merchandise to R. Wadsworth	3000
	He gave S. McClure a Bill Payable (30 days) for	6000
	He purchased equipment by cheque	200
8.	He paid expenses by cheque	80
	He sold merchandise to C. Freeman	4000
	He sold merchandise to D. Grant	2000
	D. Ritson paid cheque \$1980, discount	20
	P. Whitely paid cheque \$4950, discount	50
	C. Freeman gave Bill Receivable for	4000
	T. Spencer discounted Freeman's bill with Bank obtaining proceeds	3970
12.	He purchased merchandise from H. Tranter	8000
	He sold merchandise to S. Moore	3000
	He sold merchandise to W. Harris	4000
	He sold merchandise to W. Day	2000

Jan.	16.	He purchased merchandise for cheque	.	.	.	.
		S. Barr paid cheque \$3960, discount	.	.	.	.
		R. Wadsworth paid cheque \$2970, discount	.	.	.	.
		S. Moore paid cheque \$2970, discount	.	.	.	.
		He paid H. Tranter cheque	.	.	.	.
		discount	.	.	.	.
		He paid expenses out of cash	.	.	.	.
	24.	He purchased merchandise for cheque	.	.	.	.
		He purchased merchandise from J. Miller	.	.	.	.
		He sold merchandise to M. Smith	.	.	.	.
		He sold merchandise to H. Potter	.	.	.	.
		He sold merchandise to H. Newton	.	.	.	.
Feb.	31.	He gave J. Miller a 60 days Bill Payable	.	.	.	.
		He purchased merchandise from T. Manville	.	.	.	.
		W. Harris paid cheque \$3960, discount	.	.	.	.
		M. Smith paid cheque \$3960, discount	.	.	.	.
		He paid expenses out of cash	.	.	.	.
	1	He drew cheque for Petty Cash	.	.	.	.
		He paid salaries by cheque	.	.	.	.
		He sold merchandise to T. White	.	.	.	.
		H. Potter paid cheque \$4950, discount	.	.	.	.
		W. Day paid cheque \$1980, discount	.	.	.	.
	4.	He paid T. Manville cheque \$6930, discount	.	.	.	.
		He paid expenses out of cash	.	.	.	.
		He sold merchandise to W. Fraser	.	.	.	.
		He sold merchandise to H. Mann	.	.	.	.
		His bank met, due on this day, Bill Payable for	.	.	.	.
	10.	He purchased merchandise from J. Thomas	.	.	.	.
		He sold merchandise to D. Baring	.	.	.	.
		T. White paid cheque \$1980, discount	.	.	.	.
		He paid expenses out of cash	.	.	.	.
		He sold merchandise for cash	.	.	.	.
	15.	He sold merchandise to W. Robinson	.	.	.	.
		He sold merchandise to C. Freeman	.	.	.	.
		C. Freeman gave Bill Receivable for	.	.	.	.
		He paid expenses by cheque	.	.	.	.
		He sold merchandise for cash	.	.	.	.
	20.	He purchased merchandise from S. McClure	.	.	.	.
		He paid J. Thomas cheque \$4950, discount	.	.	.	.
		He paid expenses out of cash	.	.	.	.
		He sold merchandise to W. Day	.	.	.	.
		He sold merchandise to C. Freeman	.	.	.	.
	25.	He sold merchandise to H. Potter	.	.	.	.
		He paid expenses by cheque	.	.	.	.
		He paid salaries by cheque	.	.	.	.
		He purchased merchandise from H. Stone	.	.	.	.
		H. Newton paid cheque \$5940, discount	.	.	.	.
Mar.	1.	D. Baring paid cheque \$2970, discount	.	.	.	.
		He paid S. McClure cheque \$5940, discount	.	.	.	.
		He drew cheque for Petty Cash	.	.	.	.
		He sold merchandise to S. Moore	.	.	.	.
		He sold merchandise to W. Harris	.	.	.	.
	5.	He sold merchandise to M. Smith	.	.	.	.
		He paid expenses by cheque	.	.	.	.
		He purchased merchandise for cheque	.	.	.	.
		He sold merchandise to S. Barr	.	.	.	.
		

- Mar. 5. S. Moore paid cheque \$2970, discount . . .
 He paid expenses out of cash
11. He purchased merchandise from S. Tranter
 He purchased merchandise from H. Morgan
 He sold merchandise to H. Newton
 He paid expenses by cheque
16. He purchased merchandise from S. McClure
 He sold merchandise for cheque
22. He purchased merchandise from H. Stone
 He sold merchandise to T. White
 He paid H. Stone cheque \$8910, discount.
 He purchased merchandise for cheque
 He paid expenses out of cash
27. He sold merchandise to D. Ritson
 He sold merchandise to P. Whitely
 He sold merchandise to S. Moore
28. His bank met Bill Payable due on this day for
29. He purchased merchandise from J. Thomas
 S. Barrs paid cheque \$4950, discount
 H. Harris paid cheque \$990, discount
 He paid expenses out of cash
 He paid expenses by cheque
31. He sold merchandise to R. Wadsworth
 He drew cheque for Petty Cash
 He paid salaries by cheque
 He sold merchandise for cheque
 He withdrew from Bank for private purposes

His merchandise inventory at the close of the p

Write off S. Moore's account to "Bad Debts,
 which will be carried to "Profit and Loss."

*Group J.**Exercises Nos. 36-53.*

Special Features. Practice in Control Accounts for Subsidiary Ledgers.

Outward Consignment Accounts.

Expenses accrued but not paid.

Depreciation and Depreciation Reserves.

Reserves for Bad Debts and Discounts.

Preparation of Trading and Profit and Loss Statements.

Books. General Journal.

Sales Journal.

Purchases Journal.

Cash Book (see Cash Book ruling No. 4).¹

Petty Cash Book.

Ledger. General or Private.

„ Accounts Receivable, Sundry Debtors, or Trade Debtors.

„ Accounts Payable, Sundry Creditors, or Trade Creditors.

Instructions.

Make all the necessary entries for the above in the following books—

Cash Book.

Petty Cash Book.

Sales Journal.

Purchases Journal.

General Journal.

Open separate Ledgers for Trade Debtors and Trade Creditors.

Establish Control Accounts in the General or Private Ledger for these two Ledgers.

Make the necessary transfers to Profit and Loss Account.

Prepare the following statements—

(1) Trading for the period under review.

(2) Profit and Loss for the period under review.

(3) Balance Sheet as at the close of the period under review.

NOTE. Ignore fractions of a dollar, if they occur.

¹ (See Notes below Index to Suggested Rulings.)

J 36.

On July 1st W. McBain started business with the following: cash in Bank of Montreal \$5000, merchandise \$7000, office equipment \$1500, buildings \$7000, land \$5000.

He owed \$3000 to H. Johnson. This was part of the purchase price of the land and buildings, and he had to pay interest at 6 per cent per annum on it at 30th June and 31st December.

His transactions for the month of July were as follows—

July 1.	He withdrew from Bank for Petty Cash	\$20
	He purchased merchandise on credit from H. Watson	1000
2.	Gave H. Watson Bill Payable (30 days) to settle above	1000
3.	Sold merchandise on credit to T. Elbourne	4000
5.	Sold merchandise on credit to M. Roland	2000
10.	T. Elbourne settled his account in full with cheque	3920
	allowing him discount	80
15.	Sold merchandise for cash	500
16.	Sold merchandise on credit to L. Kavanagh	3000
17.	L. Kavanagh gave Bill Receivable (30 days) in settlement of his account	3000
	Discounted L. Kavanagh's Bill Receivable with the Bank of Montreal, being charged discount	15
	and being credited with proceeds	2985
19.	Purchased merchandise on credit from H. Watson	2000
20.	Settled H. Watson's account in full with cheque	1980
	being allowed discount of	20
24.	Sold merchandise on credit to T. Elbourne	5000
25.	Purchased merchandise on credit from S. Pegler	2000
26.	T. Elbourne returned part of his last quantity of merchandise as not being what he had ordered	600
31.	Paid salaries for month by cheque	350
	Paid general expenses by cash	6

Other than the \$20 cash retained for small cash payments out of the office, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

Merchandise inventory on 31st of July was \$1200.

General expenses had accrued, but not been brought into the books, amounting to \$100.

Write depreciation off the value of the furniture and fixtures at 6 per cent per annum, and off the buildings at 3 per cent per annum.

Open a Reserve Account for discounts equal to 1 per cent on the Accounts Receivable unpaid at the end of the month, and also a Reserve Account for Bad Debts equal to $\frac{1}{2}$ per cent on the same figure.

J 37.

On 1st July T. Ramsey started business with the following : cash in Bank of Montreal \$2500, merchandise \$3500, office equipment \$800, buildings \$3600, land \$2600.

He owed \$1000 to H. Morgan, and had to pay interest at 6 per cent per annum on it at 30th June and 31st December.

His transactions for the month of July were as follows—

July 1.	Withdrew from Bank for office Petty Cash	\$20
	Purchased merchandise on credit from H. Wilson	500
2.	Gave H. Wilson Bill Payable (30 days) to settle above	500
	Sold merchandise on credit to T. Evans	2000
6.	Sold merchandise on credit to M. Rowlands	1000
10.	T. Evans settled his account in full with cheque	1960
	T. Evans was allowed discount	40
12.	Paid general expenses out of cash	4
15.	Sold merchandise for cash	250
16.	Sold merchandise on credit to K. Lewis	1500
17.	K. Lewis gave Bill Receivable (30 days) in settlement of his account	1500
	Discounted K. Lewis's Bill Receivable with the Bank of Montreal, being charged discount	8
	and being credited with proceeds	1492
19.	Purchased merchandise on credit from H. Wilson	1000
20.	Settled H. Wilson's account in full with cheque for	990
	being allowed discount	10
24.	Sold merchandise on credit to T. Evans	2500
25.	Purchased merchandise on credit from S. Phillips	1000
26.	T. Evans returned part of his last quantity of merchandise as not being what he had ordered	300
31.	Paid salaries for month by cheque	200
	Paid general expenses out of cash	8
	Petty Cash was brought up to its original figure of	20

Other than the \$20 office Petty Cash retained for small cash payments under \$10, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

Ramsey's merchandise inventory on 31st July was \$600.

General expenses had accrued, but not been brought into the books, amounting to \$100.

Write depreciation off the value of the buildings at the rate of 6 per cent per annum.

Open a Reserve Account for discounts equal to 1 per cent on the Trade Debtors unpaid at the end of the month, and also a Reserve Account for Bad Debts equal to $\frac{1}{2}$ per cent on the same figure.

J 38.

On 1st July, M. Wardlaw started business with the following : cash in bank at Montreal \$2500, merchandise \$3500, office equipment \$1000, buildings \$4000, land \$3000.

He owed \$2000 to J. Hickson, and had to pay interest on it half-yearly at 30th June and 31st December at 6 per cent per annum.

His transactions for the month of July were as follows—

July 1.	Withdrew Petty Cash from Bank for office purposes . . .	\$30
	Purchased merchandise on credit from W. Hawkins . . .	1000
2.	Gave W. Hawkins a Bill Payable (30 days) to settle the above . . .	1000
	Sold merchandise on credit to R. Tomkins . . .	3000
	Paid expenses out of Petty Cash . . .	8
6.	Sold merchandise on credit to R. Munn . . .	2000
8.	R. Munn settled his account in full with cheque having been allowed discount . . .	1980
		20
10.	E. Tomkins settled his account in full with cheque for He was allowed discount . . .	2970
	Sold merchandise for cash . . .	30
16.	Sold merchandise on credit to K. Lawson . . .	200
17.	K. Lawson gave Bill Receivable (30 days) in settlement of his account . . .	1500
	Discounted K. Lawson's Bill Receivable with the Bank of Montreal, being charged discount . . .	7
	and being credited with proceeds . . .	1493
	Sold merchandise for cash . . .	150
19.	Purchased merchandise on credit from W. Hawkins . . .	1000
20.	Settled W. Hawkins' account in full with cheque for being allowed discount . . .	990
		10
22.	Paid expenses out of Petty Cash . . .	6
	Purchased merchandise on credit from W. Hawkins . . .	1500
24.	Sold merchandise on credit to E. Tomkins . . .	1500
	Sold merchandise on credit to R. Munn . . .	1000
25.	Purchased merchandise on credit from P. Shaw . . .	1000
27.	E. Tomkins returned part of his last quantity of merchandise as not being what he had ordered . . .	300
31.	Paid salaries for month by cheque . . .	320
	Paid expenses by cheque . . .	120
	Paid expenses by cash . . .	6
	Recouped Petty Cashier for money spent by him.	

All cash and cheques as and when received in payment of accounts, etc., are paid daily into the bank.

Merchandise inventory at 31st July was \$1000.

General expenses had accrued, but had not been brought into the books, amounting to \$75.

Allow for depreciation on furniture and fixtures at 12 per cent per annum ; and on buildings at 6 per cent per annum.

Open a Reserve Account for discounts on the basis of 2 per cent, and open a Reserve for Bad Debts equal to 1 per cent on accounts receivable.

J 39.

On 1st July, H. Williams started business with the following: cash in Bank of Montreal \$3000, merchandise \$3500, office equipment \$2000, buildings \$4000, land \$3500.

He owed \$2000 to R. Alexander. He had to pay interest at 6 per cent per annum on this sum at 30th June and 31st December.

July	1.	He withdrew from Bank for Petty Cash	\$50
		He purchased merchandise from S. Gordon on credit	6000
	3.	He gave S. Gordon a Bill Payable (30 days) to settle the above.	
	6.	He paid general expenses in cash	2
	10.	He sold merchandise to T. Phillips on credit	9000
	13.	He paid general expenses in cash	3
	15.	T. Phillips paid cheque \$8910, being allowed discount	90
		He sold merchandise for cash	50
	18.	He purchased merchandise from S. Gordon on credit	3000
	20.	He sold merchandise to Edward Ross on credit	5000
		He sent merchandise on Consignment No. 1 to S. Pearson, Quebec	1000
		He paid general expenses in cash	4
		He paid freight on Consignment No. 1	50
	24.	He paid S. Gordon cheque \$2970 in full settlement of his account, obtaining discount	30
	27.	He sold merchandise to T. Phillips on credit	1000
		He purchased merchandise on credit from T. Smith	800
		He purchased merchandise on credit from S. Gordon	1000
		He paid general expenses in cash	3
	29.	He sold merchandise for cash	90
		He received Account Sales for Consignment No. 1 from S. Pearson, Quebec. The gross proceeds amounted to \$1650, Pearson's expenses and commission were \$125. Pearson sent a cheque for the net proceeds.	
	31.	Paid salaries for month by cheque	380
		He paid general expenses in cash	4
		He drew cash from Bank to bring his balance in office up to	50

Other than the \$50 cash retained in the office for all payments under \$5, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

His merchandise inventory at the close of the period was valued at \$4000.

General expenses amounting to \$55 had accrued, but had not yet been brought into the books.

Depreciation had to be written off the value of office equipment

at 12 per cent per annum, and off buildings at 6 per cent per annum.

Open a Reserve Account for Bad Debts equal to 5 per cent on the Trade Debtors unpaid at the end of July.

J 40.

On 1st July, H. Austin commenced business with the following : cash in Bank of Montreal \$4000, merchandise \$2600, office equipment \$2000, buildings \$10000, land \$8000.

He owed C. McLean \$2000 and had to pay interest on this sum at 6 per cent per annum at 30th June and 31st December.

July 1.	He drew from Bank for petty expenses in the office	\$50
	He purchased merchandise on credit from A. Patterson	5000
	He paid general expenses by cheque	105
2.	He gave A. Patterson Bill Payable (30 days) to settle the above	5000
8.	He paid general expenses in cash	2
12.	He sold merchandise to R. Boyd on credit	9000
14.	He sold merchandise to G. Findlay on credit	6000
16.	He paid general expenses in cash	4
	G. Findlay gave him a Bill Receivable (30 days)	6000
19.	R. Boyd paid him cheque for	8910
	being allowed discount	90
	He sold merchandise for cash	60
20.	He purchased merchandise on credit from J. Grier	1200
	He discounted G. Findlay's Bill Receivable at the Bank of Montreal, net proceeds	5940
	He sold merchandise for cash	50
21.	He paid general expenses in cash	3
	He sent merchandise on Consignment No. 1 to H. Harrison, Quebec)	500
	He paid freight on Consignment No. 1 by cheque	30
24.	He purchased merchandise from A. Patterson on credit	4000
	He sold merchandise to G. Findlay on credit	2000
26.	He paid A. Patterson a cheque for	3960
	in full settlement of his account, obtaining discount	40
29.	He purchased merchandise from A. Patterson on credit	2000
	He sold merchandise for cash	100
	He received Account Sales for Consignment No. 1 from H. Harrison, Quebec. The gross proceeds amounted to	875
	Harrison's expenses and commission were	68
	Harrison sent a cheque for the net proceeds.	
31.	He paid general expenses in cash	6
	He drew cash from Bank to bring his balance of petty cash in office up to	50
	He sold merchandise on credit to R. Boyd	2000
	He paid salaries for the month by cheque	210

Other than the \$50 cash, retained in the office as Petty Cash for all payments of \$10 and under, all cash and cheques, as and

when received in payment of account, etc., were paid daily into the bank.

Merchandise inventory at 31st July was \$3200.

General Expenses had accrued at 31st July, but had not been brought into the books, amounting to \$90.

Build up a Reserve for Depreciation on Office Equipment at 12 per cent per annum, and a Reserve for Depreciation on Buildings at 6 per cent per annum.

Open a Reserve Account for Discounts equal to 2 per cent on the Accounts Receivable outstanding at the end of the month, and a Reserve for Bad Debts equal to 1 per cent on the same figure.

J 41.

On the 1st January, W. Proctor started business with the following: cash in Bank of Montreal \$4000, merchandise \$8000, office equipment \$2000, buildings \$8000, land \$6000.

He owed \$3000 to M. Brown, on which interest at 6 per cent per annum was due at 30th June and 31st December.

His transactions for the month of January were as follows—

Jan.	1.	Withdrew from Bank for Petty Cash	\$30
		Sold merchandise on credit to M. Kelly	3000
	2.	Paid expenses by cheque	120
	5.	Purchased merchandise on credit from J. Dwyer	5000
	6.	Paid expenses out of cash	4
	7.	Sold merchandise on credit to J. Moore	4000
		Purchased merchandise on credit from W. Stevens	3000
	8.	J. Moore gave Bill Receivable for	4000
	13.	Sent merchandise on consignment to G. Nairn, Toronto	2000
	15.	Paid by cheque freight and other charges on the Nairn consignment	85
	16.	Sold merchandise on credit to H. Coyle	4000
	16.	H. Coyle gave Bill Receivable for	4000
	17.	Discounted H. Coyle's Bill Receivable with Bank, net proceeds	3980
	19.	M. Kelly paid cheque \$2970 being allowed discount	30
		Cash sales of merchandise	200
	20.	Paid J. Dwyer cheque for \$4950, being allowed discount	50
	22.	Sold merchandise on credit to H. Coyle	5000
		Purchased merchandise on credit from K. Reid	2000
	23.	Sold merchandise on credit to M. Kelly	2000
		Gave K. Reid Bill Payable for	2000
		Paid expenses out of Petty Cash	8
	26.	Paid W. Stevens by cheque \$2970, being allowed discount	30
	28.	Cash sales of merchandise	150

- Jan. 28. G. Nairn sent account sales for Toronto consignment. Gross proceeds were \$2800. Nairn's expenses and commission were \$150. Nairn sent a cheque for net proceeds.
- | | | |
|-----|---|-----|
| 30. | Paid expenses out of Petty Cash | \$5 |
| 31. | Paid salaries by cheque | 330 |
| | Paid expenses by cheque | 48 |
| | Paid expenses by Petty Cash | 8 |
| | Paid Petty Cashier cheque in order to bring his balance in hand up to \$30. | |

Other than the \$30 cash, which was retained in the office as Petty Cash for all payments of \$10 and under, all cash and cheques as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

All payments over \$10 were made by cheque.

Proctor's merchandise inventory at the close of the period was valued at \$4,500.

Depreciation had to be written off the value of the buildings at 6 per cent per annum.

Open a Reserve Account for Bad Debts equal to 1 per cent on the Trade Debtors outstanding at the end of the month, and also a Reserve Account for Discounts equal to 1 per cent on the same figure

J 42.

On 1st January, R. Thomas started business with the following : cash in Bank of Montreal \$5000, merchandise \$7000, office equipment \$1600, buildings \$7200, land \$5200.

He owed \$2000 to M. Harper, on which interest at 6 per cent per annum was due at the 30th June and 31st December.

His transactions for the month of January were as follows—

- | | | |
|------|--|------|
| Jan. | 1. Withdrew from Bank for office Petty Cash | \$40 |
| | Purchased merchandise on credit from H. Watson | 1000 |
| | 2. Gave H. Watson a Bill Payable (30 days) to settle the above | 1000 |
| | 4. Sold merchandise on credit to E. Cole | 4000 |
| | 6. Sold merchandise on credit to R. Lockwood | 2000 |
| | 10. E. Cole settled his accounts with cheque | 3960 |
| | being allowed discount | 40 |
| | Sold merchandise for cash | 300 |
| | 12. Paid general expenses out of Petty Cash | 8 |
| | 16. Sold merchandise on credit to K. Lane | 3000 |
| | 17. K. Lane gave Bill Receivable (30 days) in settlement of his account | 3000 |
| | Discounted K. Lane's Bill Receivable with the Bank of Montreal, being charged discount | 16 |
| | and being credited with proceeds | 2984 |
| | 19. Purchased merchandise on credit from H. Watson | 2000 |
| | Sent merchandise on consignment to J. Craig, Vancouver | 1000 |

Jan. 20.	Settled H. Watson's account in full for	\$1980
	being allowed discount	20
22.	Paid freight and other expenses on Vancouver consignment	100
24.	Sold merchandise on credit to E. Cole	5000
25.	Purchased merchandise on credit from P. Simpson	2000
26.	E. Cole returned part of his last quantity of merchandise as not being up to sample	600
31.	Paid salaries for month by cheque	400
	Paid general expenses out of Petty Cash	8
	Gave Petty Cashier cheque to bring his Petty Cash up to	40
	J. Craig sent Account Sales for consignment. Gross proceeds \$1500, his expenses and commission \$120. He sent cheque for proceeds	1380

Other than the \$40 cash, which was retained in the office as Petty Cash for all payments of \$10 and under, all cash and cheques as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

All payments over \$10 were made by cheque.

Thomas's merchandise inventory at the close of the period was valued at \$2000.

Depreciation had to be written off the value of the buildings at 6 per cent per annum.

Open a Reserve Account for Bad Debts equal to 1 per cent on the Trade Debtors outstanding at the end of the month, and also a Reserve Account for Discounts equal to 1 per cent on the same figure.

J 43.

On 1st January, E. Hooker started business with the following : cash in Bank of Montreal \$4000, merchandise \$8000, office equipment \$2000, buildings \$7000, land \$5000.

He owed \$3000 to B. Osborn, on which interest at 6 per cent per annum was due at the 30th June and 31st December.

His transactions for the month of January were as follows—

Jan. 1.	He withdrew from Bank for Petty Cash	\$30
	He purchased merchandise on credit from C. Whitten	2000
2.	He gave C. Whitten a Bill Payable (30 days) to settle the above	2000
4.	He sold merchandise on credit to C. Leroux	5000
6.	He sold merchandise on credit to L. Belanger	2000
9.	C. Leroux settled his account with cheque,	4950
	being allowed discount	50
	He sold merchandise for cash	500
12.	He paid general expenses out of Petty Cash	7
14.	He purchased merchandise on credit from S. Peckham	1000

Jan. 16.	He sold merchandise on credit to A. Richards	\$4000
18.	A. Richards gave a Bill Receivable (30 days) in settlement of his account	4000
	Discounted A. Richards' Bill Receivable with Bank of Montreal, being charged discount	20
	and being credited with proceeds	3980
19.	He purchased merchandise on credit from C. Whitten	2000
	He sent merchandise on consignment to H. McDonald, Calgary	2000
20.	He settled S. Peckham's account in full for cheque	990
	being allowed discount	10
22.	Paid freight and other expenses on Calgary consignment by cheque	150
24.	He sold merchandise on credit to C. Leroux	3000
25.	He purchased merchandise on credit S. Peckham	3000
	He sold merchandise on credit to A. Richards	1000
26.	C. Leroux returned part of his last quantity of merchandise as not being up to sample	400
27.	He returned merchandise to C. Whitten	300
10.	H. McDonald sent Account Sales for consignment. Gross proceeds were \$3000, his expenses and commission were \$150. McDonald sent cheque for proceeds	2850
	He paid general expenses for month by cheque	350
	He paid salaries for month by cheque	400
	He paid general expenses out of Petty Cash	8
	He gave Petty Cashier cheque to bring his Petty Cash up to	30

Other than the \$30 cash retained in the office as Petty Cash, for all payments of \$10 and under, all cash and cheques as and when received in payment of accounts, etc., are paid daily into the bank.

Merchandise inventory at 31st January was \$3000.

General Expenses had accrued, but had not been brought into the books, amounting to \$75.

Build up a Reserve for Depreciation on Office Equipment at 12 per cent per annum ; and a Reserve for Depreciation on Buildings at 6 per cent per annum.

Open a Reserve Account for Discounts equal to 2 per cent on the Accounts Receivable outstanding at the end of the month, and a Reserve for Bad Debts equal to 1 per cent on the same figure.

J 44.

On 1st January, D. Mercer started business with the following : cash in bank \$4000, merchandise \$3000, furniture and fixtures \$2000, buildings \$6000, land \$8000.

He still owed to J. Neill \$2000 of the purchase price of the land and buildings, and was to pay 6 per cent interest on this at 30th June

and 31st December. His transactions for the month of January were as follows—

Jan.	1.	Drew Petty Cash from Bank for office purposes.	\$20
		Purchased merchandise on credit from R. Dixon	2000
	2.	Sold merchandise on credit to R. Porter	5000
	3.	Sent merchandise on consignment to W. Tait, Toronto, cost of goods	2400
	4.	Paid freight on consignment by cheque	50
	5.	Paid R. Dixon's account in full by cheque, being allowed 2% discount.	
	8.	R. Porter paid his account in full, being allowed 2% discount	
		Sold merchandise for cash	500
	10.	Sold merchandise on credit to T. Gordon	9000
	12.	Paid office expenses out of Petty Cash	5
	15.	T. Gordon gave Bill Receivable (30 days) in settlement of his account	9000
	16.	Purchased merchandise on credit from R. Dixon	4000
	17.	Gave R. Dixon Bill Payable in settlement of his account	4000
	18.	Purchased merchandise for cheque	500
	19.	Discounted T. Gordon's bill with Bank, discount being \$40.	
	22.	Purchased merchandise on credit from J. Murphy	6000
	23.	Paid travelling expenses by cheque	30
		Returned a portion of Murphy's merchandise as not being up to sample	200
	25.	Sold merchandise on credit to R. Porter	9000
		Sold merchandise on credit to T. Gordon	8000
	26.	Purchased merchandise on credit from R. Dixon	2000
		T. Gordon returned part of merchandise as not being what he ordered	400
	29.	Received Account Sales from W. Tait, Toronto, showing that consignment had realized \$4800, and that storage and other charges, including Tait's own commission, amounted to \$715. W. Tait sent a cheque for the net proceeds.	
	31.	Paid salaries for month by cheque	500
		Paid office expenses out of Petty Cash	7
		Recouped Petty Cashier with cheque for	12

All cash and cheques as and when received in payment of accounts etc., are paid daily into the bank.

Merchandise inventory at 31st January was \$2200.

General Expenses had accrued, but had not been brought into the books, amounting to \$75.

Allow for Depreciation on Furniture and Fixtures at 12 per cent per annum; and on Buildings at 6 per cent per annum.

Open a Reserve Account for Discounts on the basis of 2 per cent, and open a Reserve for Bad Debts equal to 1 per cent on Accounts Receivable.

J 45.

On 1st January, David Lamont started business with the following assets: cash in office \$40, cash in Bank of Montreal \$3000, merchandise \$7000, office equipment \$1000, buildings \$5000, land \$4000.

He had not completed payment of the purchase money due to Henry Drysdale, there being a sum of \$5000 still outstanding. This was secured to Drysdale by a mortgage on the land and buildings, and Lamont had to pay Drysdale interest at 6 per cent per annum at 30th June and 31st December. Lamont's transactions for the month were as follows—

Jan.	1. Sold merchandise on credit to H. Norris	\$5000
	2. Sold merchandise for cash	800
	3. H. Norris settled his account in full with cheque	4900
	4. Purchased merchandise on credit from F. Wilkinson	3000
	5. Gave F. Wilkinson bill payable (30 days) to settle his account	3000
	6. Purchased merchandise on credit from N. Martin	4000
	11. Settled N. Martin's account with cheque for	3960
	being allowed discount	40
	15. Sent merchandise on consignment to F. Harrison, Calgary, cost of merchandise	3000
	16. Paid freight on consignment of merchandise to F. Harrison	120
	17. Sold merchandise on credit to C. Wilson	5000
	18. Sold merchandise on credit to H. Norris	7000
	19. Charles Wilson gave Bill Receivable (30 days) in settlement of his account	5000
	20. Discounted C. Wilson's bill with the Bank of Montreal, being charged discount \$30 and receiving proceeds	4970
	24. Received Account Sales from F. Harrison, Calgary, showing that the consignment had realized in total \$4200, and that storage and other charges including Harrison's commission accounted to \$520. Harrison sent a cheque for the net proceeds	3680
	25. Purchased merchandise on credit from F. Wilkinson	3000
	26. Sold merchandise on credit to C. Wilson	6000
	29. Charles Wilson returned merchandise as not being what he had ordered	500
	31. Paid salaries for month by cheque	350
	Paid general expenses by cash	20

The \$40 was retained as cash in the office for small cash payments. Apart from this, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal. All payments were made by cheque unless expressly stated otherwise.

Merchandise inventory at 31st January was \$2000.

General expenses had accrued, but had not been brought into the books, amounting to \$200.

Write depreciation off the office equipment at the rate of 12 per cent per annum, and off the buildings at the rate of 6 per cent per annum.

Open a Reserve Account for Discounts equal to 2 per cent on the Accounts Receivable unpaid at the end of the month.

Open a Reserve Account for Bad Debts equal to 1 per cent on the Accounts Receivable unpaid at the end of the month.

J 46.

On 1st January, John Dawson started business with the following : cash in bank \$2000, merchandise \$1500, furniture and fixtures \$1000, buildings \$3000, land \$4000.

He still owed to H. Morgan \$1000 of the purchase price of the land and buildings, and was to pay 6 per cent interest on this at 30th June and 31st December. His transactions for the month of January were as follows—

Jan.	1.	He withdrew from Bank for Petty Cash	\$20
		Purchased merchandise on credit from R. Wilder	1000
	2.	Sold merchandise on credit to R. Roberts	2500
	3.	Sent merchandise on consignment to W. Thomas, Toronto, cost of goods	1200
	4.	Paid freight on consignment by cheque	30
	5.	Paid R. Wilder account in full by cheque, being allowed 2% discount.	
	8.	R. Roberts paid his account in full, being allowed 2% discount.	
	9.	Sold merchandise for cash	600
	10.	Sold merchandise on credit to F. Goodwin	5000
	12.	Paid office expenses out of cash	5
	15.	T. Goodwin gave Bill Receivable (30 days) settlement of his account	5000
	16.	Purchased merchandise on credit from R. Wilder	2000
	17.	Gave R. Wilder Bill Payable in settlement of his account	2000
	18.	Purchased merchandise for cheque	400
	19.	Discounted T. Goodwin's bill with Bank, discount being \$25.	
	22.	Purchased merchandise on credit from J. Murphy	3000
	23.	Paid travelling expenses by cheque	15
		Returned a portion of Murphy's merchandise as not being up to sample	100
	25.	Sold merchandise on credit to R. Roberts	5000
		Sold merchandise on credit to T. Goodwin	6000
	26.	Purchased merchandise on credit from R. Wilder	1500
		T. Goodwin returned part of merchandise as not being what he ordered	200

Jan. 29. Received Account Sales from W. Thomas, Toronto, showing that consignment has realized \$2400, and that storage and other charges, including Thomas' own commission, amounted to \$369. W. Thomas sent a cheque for the net proceeds

31. Paid salaries for month by cheque \$400

All cash and cheques as and when received in payment of accounts, etc., are paid daily into the bank.

Merchandise inventory at 31st January was \$2000.

General Expenses had accrued, but had not been brought into the books, amounting to \$75.

Allow for Depreciation on Furniture and Fixtures at 12 per cent per annum, and on buildings at 6 per cent per annum.

Open a Reserve Account for Discounts on the basis of 2 per cent, and open a Reserve for Bad Debts equal to 1 per cent on Accounts Receivable.

J 47.

On 1st January, John Pearson started business with the following : cash in Bank of Montreal \$4000, merchandise \$6000, office equipment \$2000, buildings \$6000, land \$7500.

He still owed to W. Cutford \$2000 of the purchase price of the land and buildings, and had to pay interest at 5 per cent per annum on this at 30th June and 31st December. His transactions for the month of January were as follows—

Jan.	1.	He withdrew from Bank for Petty Cash	\$30
		Purchased merchandise on credit from J. Wilson	2000
	2.	Gave J. Wilson Bill Payable (30 days) to settle above	2000
	3.	Sold merchandise on credit to R. Nicholson	4000
	4.	Sent merchandise on consignment to W. Bagshaw, Winnipeg, cost of merchandise	2000
	5.	R. Nicholson settled his account in full with cheque of	3920
		allowing him discount	80
	6.	Paid freight on consignment to W. Bagshaw	60
	10.	Sold merchandise for cash	700
	15.	Purchased merchandise on credit from M. Spicer	4000
	16.	Settled M. Spicer's account with cheque	3960
		being allowed discount	40
	17.	Sold merchandise on credit to W. Cropper	6000
	18.	W. Cropper gave Bill Receivable (30 days) in settlement of his account	6000
	19.	Discounted W. Cropper's Bill Receivable with the Bank of Montreal, being charged discount	35
		and receiving proceeds	5965
	24.	Sold merchandise to W. Cropper	5000
	25.	Sold merchandise to R. Nicholson	8000

Jan. 25.	W. Cropper returned merchandise as not being what he had ordered	\$500
26.	Purchased merchandise on credit from J. Wilson	2500
29.	Received account sales from W. Bagshaw, Winnipeg, showing that the consignment had realized in total \$3500, and that storage and other charges, including Bagshaw's commission, amounted to	425
	W. Bagshaw sent a cheque for the net proceeds.	3075
31	Paid salaries for month by cheque	300
	Paid office expenses by cash	10

Other than the \$30 cash retained for small cash payments out of the office, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

All payments were made by cheque, unless expressly stated otherwise.

Merchandise inventory 31st January was \$1000.

General Expenses had accrued but not been brought into the books, amounting to \$150.

Write depreciation off the value of the furniture and fixtures at 12 per cent per annum, and off the buildings at 6 per cent per annum.

Open a Reserve Account for Discounts equal to 2 per cent on the Accounts Receivable unpaid at the end of the month, and also a Reserve Account for Bad Debts equal to 1 per cent on the same figure.

J 48.

On 1st July, W. Cameron started business with the following : cash in Bank of Montreal \$6000, merchandise \$7000, office equipment \$2000, buildings \$8000, land \$6000.

He owed \$4000 to H. Jackson. This was part of the purchase price of the land and buildings, and he had to pay interest at 6 per cent per annum on it at 30th June and 31st December.

His transactions for the month of July were as follows—

July 1	He withdrew from Bank for Petty Cash	\$20
	Purchased merchandise on credit from T. Watson	4000
2.	Gave T. Watson a Bill Payable (30 days) to settle the above	4000
	Paid general expenses in cash	3
5.	Sold merchandise on credit to T. Edmonson	4000
6.	Sold merchandise on credit H. Mann	3500
	Paid General expenses in cash	2
10.	T. Edmonson settled his account in full with cheque of \$3960, being allowed discount	40
	Sold merchandise for cash	600
15.	Petty Cashier is given cheque to recoup him for expenditure	

July 16.	Sold merchandise on credit to L. Ketty	\$3000
	Paid general expenses in cash	3
17.	L. Kelly gave bill receivable (30 days) in settlement of his account	3000
18.	Discounted L. Kelly's Bill Receivable with Bank of Montreal receiving as net proceeds	2970
	Sold merchandise for cash	500
19.	Purchased merchandise on credit from T. Watson	6000
20.	Sent merchandise on consignment No. 1 to H. Spencer, Toronto	2000
	Paid general expenses in cash	2
22.	Paid freight on consignment No. 1	20
	Settled T. Watson's account in full, with cheque for \$5940, being allowed discount	60
26.	Sold merchandise on credit to T. Edmonson	5000
29.	Purchased merchandise on credit from S. Pierce	2000
	T. Edmonson returned part of his last purchase as not being what he ordered	600
31.	Paid salaries for month by cheque	360
	Paid general expenses in cash	3
	Petty Cashier is given cheque to recoup him for expenditure. Received Account Sales from H. Spencer for consignment No. 1. The gross proceeds amounted to	3000
	Spencer's expenses and commission were \$350. He sent a cheque for the net proceeds.	

Other than the \$20 cash retained in the office for all payments under \$5, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

His merchandise inventory at the close of the period was valued at \$5600.

General expenses amounting to \$75 had accrued, but had not yet been brought into the books.

Depreciation had to be written off the value of office equipment at 12 per cent per annum and off buildings at 6 per cent per annum.

Open a Reserve Account for Bad Debts equal to 10 per cent on the Trade Debtors unpaid at the end of the month.

J 49.

On 1st July, B. Wilson commenced business with the following—cash in Bank of Montreal \$6000, merchandise \$7000, office equipment \$4000, buildings \$8000, land \$7000.

He owed \$4000 to J. Aitken, and had to pay interest on this sum at 6 per cent per annum, half-yearly at the 30th June and 31st December.

July 1.	He withdrew from Bank for Petty Cash	\$50
	He purchased merchandise from G. Simpson on credit	12000

July 3.	He gave G. Simpson a Bill Payable (30 days) to settle the above.	
6.	He paid general expenses in cash	\$4
10.	He sold merchandise to P. Thomson on credit	18000
12.	He paid general expenses in cash	3
16.	P. Thomson paid him a cheque for	17820
	being allowed discount	180
	He sold merchandise for cash	100
17.	He purchased merchandise from G. Simpson on credit	6000
19.	He paid general expenses in cash	3
	He sold merchandise to R. McQueen on credit	10000
22.	He paid general expenses in cash	8
	He sent merchandise on consignment No. 1 to H. Ronald, Winnipeg	2000
	He paid freight on consignment No. 1	100
23.	He paid G. Simpson a cheque for	5940
	being allowed discount	60
26.	He purchased merchandise on credit from G. Simpson	2000
	He paid general expenses in cash	6
	He sold merchandise to P. Thomson on credit	2000
	He purchased merchandise on credit from T. Stevens	1600
29.	He paid general expenses in cash	3
	He received account sales for consignment No. 1 from R. Ronald, Winnipeg. The gross proceeds amounted to \$2900. Ronald's expenses and commission were \$255. Ronald sent a cheque for the net proceeds.	
	He sold merchandise for cash	180
31.	He paid general expenses in cash	5
	He paid salaries for month by cheque	420
	He gave Petty Cashier cheque to bring his balance of cash up to \$50.	
	He withdrew from Bank for private purposes	700

Other than the \$50 cash retained in the office for all payments under \$10, all cash and cheques as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal. All payments over \$10 were made by cheque.

His merchandise inventory at the close of the period was valued at \$8000.

General expenses amounting to \$107 had accrued, but had not yet been brought into the books.

Depreciation had to be written off the value of the office equipment at 12 per cent per annum, and off the buildings at 6 per cent per annum.

Open a Reserve Account for Bad Debts equal to 5 per cent on the Trade Debtors unpaid at the end of the month.

/ 50.

On the 1st July, N. Hamilton commenced business with the following: cash in Bank of Montreal \$4000, merchandise \$2500, office equipment \$1000, buildings \$5000, land \$4000.

He owed \$3000 to L. Binning. He had to pay interest on this sum at 6 per cent per annum at 30th June and 31st December.

July	1. He drew from the Bank for petty expenses in the office	\$50
	He purchased merchandise on credit from A. Stevenson	5000
	He paid general expenses by cheque	210
	2. He gave A. Stevenson a Bill Payable (30 days) to settle the above.	
	He paid general expenses in cash	3
12.	He sold merchandise to R. Shaw on credit	9000
14.	He sold merchandise to W. Fulton on credit	6000
16.	He paid general expenses in cash	4
	W. Fulton gave him a Bill Receivable (30 days)	6000
18.	R. Shaw paid him cheque for \$8910, being allowed discount	90
	He sold merchandise for cash	60
20.	He purchased merchandise on credit from J. Greig	1000
	He discounted W. Fulton's Bill Receivable at the Bank of Montreal, net proceeds being	5940
	He sold merchandise for cash	100
21.	He paid general expenses in cash	3
	He sent merchandise on consignment No. 1 to C. Hope, Quebec	1000
	He paid freight on consignment No. 1	55
25.	He purchased merchandise from A. Stevenson on credit	4000
	He sold W. Fulton merchandise on credit	2000
26.	He paid A. Stevenson a cheque for \$3960 in full settlement of his account, obtaining discount	40
29.	He purchased merchandise from A. Stevenson on credit	2000
	He sold merchandise for cash	200
	He received account sales for consignment No. 1 from C. Hope, Quebec. The gross proceeds amounted to \$1750. Hope's expenses and commission were \$135.	
	Hope sent a cheque for the net proceeds.	
31.	He paid general expenses in cash	6
	He drew cash from Bank to bring his balance of Petty Cash in the office up to	50
	He sold merchandise to R. Shaw on credit	2000
	He paid salaries for the month by cheque	420
	He withdrew from Bank for private purposes	800

Other than the \$50 cash, which was retained in the office as Petty Cash, for all payments of \$10 and under, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

All payments over \$10 were made by cheque.

His merchandise inventory at the close of the period was valued at \$3200.

Depreciation had to be written off the value of the office equipment at 12 per cent per annum, and off the value of the buildings at 6 per cent per annum.

Open a Reserve Account for Bad Debts equal to 5 per cent on the Trade Debtors outstanding at the end of the month.

J 51.

On 1st July, W. Gibson started business with the following: cash in Bank of Montreal \$3000, merchandise \$8000, office equipment \$1000, buildings \$8000, land \$6000.

He owed \$3000 to H. Marwood, on which interest at 6 per cent per annum was due at 30th June and 31st December.

His transactions for the month of July were as follows—

July	1. Withdrew from Bank for office Petty Cash	\$30
	Purchased merchandise on credit from W. Hislop	800
	2. Gave W. Hislop a Bill Payable (30 days) to settle the above	800
	4. Sold merchandise on credit to D. Sullivan	3000
	6. Sold merchandise on credit to L. Denison	2000
	9. D. Sullivan settled his account with cheque	2970
	being allowed discount	30
	Sold merchandise for cash	400
12.	Paid general expenses out of Petty Cash	7
16.	Sold merchandise on credit to L. Kendrick	4000
	Purchased merchandise on credit from W. Hislop	2000
18.	L. Kendrick gave Bill Receivable (30 days) in settlement of his account	4000
	W. Hislop allowed W. Gibson to retire his bill, allowing him discount	4
	W. Gibson paid W. Hislop cheque for	796
19.	Sent merchandise on consignments to H. Wills, Victoria	3000
20.	Settled W. Hislop's account in full with cheque for	1980
	being allowed discount	20
22.	Paid freight and other expenses on Victoria consignment	80
24.	Sold merchandise on credit to D. Sullivan	4000
25.	Purchased merchandise on credit from S. Peterson	3000
26.	D. Sullivan returned part of merchandise sold him on 24th, as not being what he ordered	500
30.	Paid salaries for month by cheque	300
	Paid general expenses out of Petty Cash	9
	Gave Petty Cashier cheque to bring his Petty Cash up to	30
31.	H. Wills sent Account Sales for the Vancouver consignment. Gross proceeds \$4000, his expenses and commission amounted to \$250. He sent cheque for net proceeds	3750
	He withdrew from Bank for private purposes	400

Other than the \$30 cash retained in the office as Petty Cash for all payments of \$10 and under, all cash and cheques, as and when received in payment of accounts, etc., are paid daily into the bank.

Merchandise inventory at 31st July was \$6000.

General Expenses had accrued, but had not been brought into the books, amounting to \$75.

Build up a Reserve for Depreciation on Office Equipment at 12 per cent per annum, and a Reserve for Depreciation on Buildings at 6 per cent per annum.

Open a Reserve Account for Discounts equal to 2 per cent on the Accounts Receivable outstanding at the end of the month, and a Reserve for Bad Debts equal to 1 per cent on the same figure.

J 52.

On 1st July, A Hanson commenced business with the following : cash in bank of Montreal \$6000, merchandise \$6500, office equipment \$2000, buildings \$10000, land \$8000.

He owed J. Lockhart \$4000, interest being payable at 30th June and 31st December at 6 per cent per annum.

July 1.	He drew from Bank for petty expenses in office	\$50
	He purchased merchandise on credit from S. Andrews	7000
	He paid general expenses by cheque	220
2.	He gave S. Andrews a Bill Payable (30 days) to settle the above.	
8.	He paid general expenses in cash	6
12.	He purchased merchandise on credit from H. Johnson	2000
14.	He sold merchandise on credit to S. Harbison	12000
15.	He sold merchandise on credit to F. Williams	9000
16.	F. Williams gave him a Bill Receivable for	9000
	He discounted F. Williams' Bill Receivable with the Bank, proceeds	8910
19.	He paid general expenses in cash	8
	S. Harbison paid him cheque	11880
	being allowed discount	120
	He sold merchandise for cash	200
20.	He purchased merchandise from S. Andrews on credit	6000
	He sold merchandise to F. Williams on credit	3000
21.	He paid general expenses in cash	9
	He sent merchandise on consignment No. 1 to H. Wright, Quebec	1500
	He paid freight on consignment No. 1 by cheque	100
24.	He paid S. Andrews a cheque for	5940
	in full settlement of his account obtaining discount	60
	He purchased merchandise from S. Andrews on credit	3000
26.	He sold merchandise for cash	300
	He paid general expenses in cash	5
	He received Account Sales for consignment No. 1 from H. Wright, Quebec. The gross proceeds amounted to	2500
	H. Wright's commission and expenses were	210
	H. Wright sent a cheque for the net proceeds.	
29.	He paid general expenses in cash	7

Jan. 29.	He sold merchandise on credit to S. Harbison	\$3000
31.	He paid general expenses out of cash	3
	He drew cash from Bank to bring his balance of Petty Cash up to	50
	He paid salaries for the month by cheque	430
	He withdrew from Bank for private purposes	600

Other than the \$50 cash, retained in the office as Petty Cash for all payments of \$10 and under, all cash and cheques, as and when received in payment of accounts, etc., are paid daily into the bank.

Merchandise inventory at 31st July was \$3000.

General expenses had accrued, but had not been brought into the books, amounting to \$75.

Build up a Reserve for Depreciation on Office Equipment at 12 per cent per annum ; and a Reserve for Depreciation on Buildings at 6 per cent per annum.

Open a Reserve Account for Discounts equal to 1 per cent on the Accounts Receivable outstanding at the end of the month, and a Reserve for Bad Debts equal to 2 per cent on the same figure.

J 53.

On 1st July, H. Auten commenced business with the following : cash in Bank of Montreal \$2000, merchandise \$1300, office equipment \$1000, buildings \$5000, land \$4000.

He owed C. McLeod \$2000, and had to pay interest on this sum at 6 per cent per annum at 30th June and 31st December.

July 1.	He drew from Bank for petty expenses in the office	\$50
	He purchased merchandise on credit from A ^e Stephens	2500
	He paid general expenses by cheque	105
2.	He gave A. Stephens a Bill Payable (30 days) to settle the above	2500
	He paid general expenses in cash	2
12.	He sold merchandise, R. Souter on credit	4500
14.	He sold merchandise to W. Findlay on credit	3000
	He paid general expenses in cash	4
16.	W. Findlay gave him a Bill Receivable (30 days)	3000
19.	R. Souter paid him cheque for	4455
	being allowed discount	45
	He sold merchandise for cash	60
20.	He purchased merchandise on credit from J. Grier	600
	He discounted W. Findlay's Bill Receivable at the Bank of Montreal, net proceeds being	2970
	He sold merchandise for cash	50
21.	He paid general expenses in cash	3
	He sent merchandise on consignment No. 1 to C. Harvey, Quebec	500

July 21.	He paid freight on consignment No. 1 by cheque . . .	\$30
24.	He purchased merchandise from A. Stephens on credit . . .	2000
	He sold merchandise to W. Findlay on credit . . .	1000
26.	He paid A. Stephens a cheque for . . .	1980
	in full settlement of his account obtaining discount . . .	20
29.	He purchased merchandise from A. Stephens on credit . . .	1000
	He sold merchandise for cash . . .	100
	He received Account Sales for consignment No. 1 from C. Harvey, Quebec. The gross proceeds amounted to . . .	875
	Harvey's expenses and commission were . . .	68
	Harvey sent a cheque for the net proceeds. . .	
31.	He paid general expenses in cash . . .	6
	He drew cash from Bank to bring his balance of Petty Cash in office up to . . .	50
	He sold merchandise on credit to R. Souter . . .	1000
	He paid salaries for the month by cheque. . .	210

Other than the \$50 cash, retained in the office as Petty Cash for all payments of \$10 and under, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the bank.

Merchandise inventory at 31st July was \$1600.

General Expenses had accrued at 31st July, but had not been brought into the books, amounting to \$75.

Build up a Reserve for Depreciation on Office Equipment at 12 per cent per annum ; and a Reserve for Depreciation on Buildings at 6 per cent per annum.

Open a Reserve Account for Discounts equal to 2 per cent on the Accounts Receivable outstanding at the end of the month, and a Reserve for Bad Debts equal to 1 per cent on the same figure.

*Group K.**Exercise No. 54.*

Special Features. Columnar or Departmental Sales and Purchase Journal to record transactions in different classes of merchandise.
Inward and Outward Freight Charges on Purchases and Sales.
Reserve for Bad Debts calculated on Net Credit Sales.

Books. As for I, with the exception that the Sales and Purchase Journals must be in columnar form (see ruling No. 13).

Instructions.

Record the whole of the above in the books of original entry, so as to show separately the gross profits on the different classes of goods.

Establish Control Accounts in the General Ledger for the Subsidiary Ledgers.

Close off the books at 31st January, and prepare Trading and Profit and Loss Statements and Balance Sheet.

K 54.

On 1st January, W. Robertson started business with the following assets: cottons \$5000, linens \$1000, cash in bank \$16000, office equipment \$500, land \$10000, buildings \$6000.

He still owed \$2000 to W. Mackenzie as part of the purchase price of the land and buildings secured by a mortgage, and must pay 6 per cent half-yearly until the mortgage is paid off.

The following were his transactions for the month of January. All cash was banked by him daily and all payments were made by cheque, other than those made out of the Petty Cash, which was kept on the Imprest System—

Jan.	1.	Drew from Bank and handed to Petty Cashier	\$50
		Purchased silks on credit from W. Smith	5000
		Paid fire insurance on building, etc., in advance (3 years policy)	108
	2.	Purchased linens on credit from W. Robinson	4000
	3.	Sold on credit to W. Chapman, cottons \$3000, silks \$3000, linens \$2000	
	4.	Paid W. Robinson's account in full, being allowed discount	200
	5.	Purchased cottons from H. Jones on credit	4000
		Purchased silks for cheque	500
		Paid salaries by cheque	300
	6.	Petty Cashier had spent in general office expenses	20
	8.	Returned cottons to H. Jones as not being up to sample	500
	9.	Purchased from W. Robinson cottons \$2000 silks \$1000 Gave W. Robinson Bill Payable 30 days for	3000
	10.	Sold on credit to A. Williams cottons \$4000 silks \$4000 Sent cottons on consignment (N 21) to H. Thomas, Winnipeg, cost price of goods	3000
	11.	Sold on credit to W. Chapman silks	800
		Paid freight on Thomas, Winnipeg consignment	50
	12.	Paid W. Smith cheque \$4750, being allowed discount	250
		Paid salaries by cheque	300
	13.	Retired bill given to W. Robinson, who allowed discount	150
		Petty Cashier had paid general office expenses	25
	15.	Sent H. Jones cheque on account	3000
		A. Williams returned goods sent in error, cottons	1000
		and pays cash on account	5000
		The Petty Cashier was recouped for his expenditure.	
	16.	Sold on credit H. Morgan, linens \$4500, cottons	3000
		H. Morgan gave Bill Receivable, 30 days	7500
	17.	Chapman paid cash \$7600, and is allowed discount	400
		Made cash sales, silks \$100. Cottons \$200.	
	18.	Sold Chapman on credit silks \$600, cottons \$4000	
	19.	Paid salaries by cheque	300
	20.	Petty Cashier had spent general office expenses	20
		and had purchased out of his cash office equipment	25
		He was recouped.	
	22.	Made cash sales cottons \$200, linens \$300, silks	200

Jan. 22.	Purchased cottons from W. Kells	\$10000
23.	Sold on credit R. Jones, cottons	5000
24.	H. Morgan retired his 30 days bill of 16th and gets discount.	375
25.	Received from H. Thomas, Winnipeg, sends account sales for consignment gross proceeds \$5000. His expenses and commission \$750. He encloses bank draft for net proceeds.	
26.	Paid salaries by cheque	300
	Purchased for cheque linens	2000
27.	Petty Cashier had spent general office expenses \$15. It was that the amount of his imprest is too great, and it was reduced to \$30.	
29.	Paid inward freight on cottons from Kelly	250
30.	Sold on credit to H. Morgan cottons	3000
31.	Purchased from W. Robinson cottons \$2000, silks	4000
	Paid outward freight on sales for month—cottons \$600, linens \$700, silks \$100.	

The inventories of merchandise on 31st January, taken at cost, were as follows : Silks \$4000, linens \$2000, cottons \$5000.

Allow for Depreciation on Buildings at 6 per cent per annum, and on Office Equipment of 12 per cent per annum.

Set up a Reserve for Bad Debts equal to 2 per cent on the net credit sales.

Salaries had accrued, but had not been paid, amounting to \$200.

The Outward Freight paid on Sales has been covered by an increase in the regular selling price. In other words, some goods were sold at the ex-warehouse price, and some at the cost and freight price.

*Group L**Exercises 55-56.*

Special Features. Inward Consignments.

Books. As for *Group I*.

Instructions.

Make all the necessary entries in the following books—

Cash Book.

Petty Cash Book.

General Journal.

Sales Journal.

Purchase Journal.

Open separate Ledgers for Trade Debtors and Trade Creditors.

Establish Control Accounts in the General or Private Ledger for these two ledgers.

Write up these Ledgers.

Make all necessary transfers to Profit and Loss Account

Prepare the following Statements—

- (1) Trading (dealings in goods of owner of business only for the month under review).
- (2) Balance Sheet as at the close of the period.

L 55.

On 1st January, J. Clarkson started business with the following : cash in Bank of Montreal \$4000, merchandise \$5000, office equipment \$1500, buildings \$4500, land \$3000.

He owed \$2000 to J. Donaldson, interest at 6 per cent per annum being payable at 30th June and 31st December.

Jan.	1.	He drew \$50 from Bank for Petty Cash in office	
		He purchased merchandise from T. Sanderson on credit	\$5000
	3.	He paid T. Sanderson by cheque	4950
		obtaining discount	50
	6.	He paid general expenses by cash	8
	11.	He sold merchandise on credit to T. Blake	6000
	12.	T. Blake gave him a Bill Receivable for	6000
	13.	He discounted T. Blake's bill with the bank, receiving as net process	5940
		He received from R. Turnbull some merchandise sent to him on consignment account, invoice price	3200
		He pays various charges on this consignment by cheque	50
	15.	He pays general expenses in cash	7
		He sells the consignment to W. Anderson for	3800
	18.	W. Anderson pays him cheque	3762
		being allowed discount	38
		Clarkson's commission on the sale amounts to	190
	19.	He sold merchandise to H. Hunter on credit	7000
		He sent Turnbull account sales for the consignment cheque for net proceeds from sale, after deducting charges and commission.	
		He purchased merchandise from A. Pringle on credit	5500
	21.	He gave A. Pringle a Bill Payable (30 days)	5500
		He paid general expenses in cash	9
	25.	He purchased merchandise from T. Sanderson	4000
		H. Hunter paid cheque	6930
		being allowed discount	70
		He sold merchandise for cheque	500
	26.	He sold merchandise on credit to R. Barber	2000
		He sold merchandise on credit to H. Hunter	3000
	28.	He purchased merchandise on credit from A. Pringle	2000
	29.	He paid general expenses by cash	7
	31.	He sold merchandise for cheque	150
		He sold merchandise on credit to T. Blake	4500
		He paid salaries for month by cheque	400

Other than the \$50 cash retained in the office for all payments under \$10, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

His merchandise inventory at the close of the period was valued at \$2500.

General Expenses amounting to \$85 had accrued, but had not yet been brought into the books.

Write up Reserve Accounts for Depreciation at the rate of 12 per

cent per annum on the office equipment, and 5 per cent on the buildings.

Open a Reserve Account for Bad Debts equal to 2 per cent on the Trade Debtors unpaid at the end of the month, and also a Reserve Account for Discounts equal to 1 per cent on the same figure.

L 56.

On 1st July, J. Westhall commenced business with the following : cash in bank of Montreal \$8000, merchandise \$6000, office equipment \$2000, buildings \$8000, land \$6000.

He owed E. Smallwood \$4000 interest, on which at 6 per cent per annum being payable at 30th June and 31st December.

July	1.	He withdrew from Bank for Petty Cash in office	\$50
		He purchased merchandise from T. Maile on credit	6000
	5.	He paid T. Maile by cheque	5940
		being allowed discount	60
	7.	He paid expenses out of Petty Cash	7
		He purchased merchandise on credit from W. Stansfield	8000
		He gave W. Stansfield a Bill Payable for	8000
	8.	He sold merchandise on credit to W. Barrett	10000
		He sold merchandise on credit to W. Glashan	1000
		He paid expenses out of Petty Cash	8
	11.	He received from G. Houston some merchandise sent to him on consignment account, invoice price	4000
		He paid various charges on this consignment by cheque	80
		W. Barrett paid him cheque for	9910
		being allowed discount	90
	14.	W. Stansfield allowed him to retire his Bill Payable allowing him discount	80
		and accepting in settlement cheque for	7920
		He purchased merchandise on credit from T. Maile	2000
	15.	He sold merchandise for cash	500
		W. Glashan paid him cheque for	990
		being allowed discount	10
	18.	He sold merchandise on credit to T. Morton	5500
		He purchased merchandise on credit from W. Stansfield	1000
		He sold Houston's consignment to A. Snowdon for	5000
		His commission on the sale amounted to	250
	20.	He sold merchandise on credit to W. Glashan	2000
		A. Snowdon paid him a cheque for	4950
		being allowed discount	50
		He sold merchandise for cash	400
	23.	He sent Houston an Account Sales for the consignment, together with a cheque for the net proceeds from the sale, after deducting his charges and commission.	
	25.	T. Morton paid him by cheque	5445
		being allowed discount	55
		He paid expenses by cheque	350
	27.	He sold merchandise on credit to T. Morton	1000

July 27. T. Morton gave him a Bill Receivable	\$1000
10. He paid salaries for month by cheque	400
He recouped Petty Cashier for his expenditure.	

Other than the \$50 cash retained in the office for all payments under \$10, all cash and cheques, as and when received in payment of accounts, etc., were paid daily into the Bank of Montreal.

His merchandise inventory at the close of the period was valued at \$6000.

General expenses amounting to \$75 had accrued, but had not yet been brought into the books.

Write up Reserve Accounts for Depreciation at the rate of 3 per cent per annum on the office equipment, and 6 per cent on the buildings.

Open a Reserve Account for Bad Debts equal to 2 per cent on the Trade Debtors unpaid at the end of the month, and also a Reserve Account for Discounts equal to 1 per cent on the same figure.

*Group M.**Exercises Nos. 57-58*

Special Features. Expenses paid in advance,
or
Deferred Charges to Operation.
Accrued Expenses Suspense.
Reserves for Bad Debts and Discounts calculated
on Net Credit Sales.

Books. As for *Group I.*

Instructions.

Record the whole of the transactions in the books of original entry, and post from thence into the various ledgers.

Establish control accounts in the Private or General Ledger for the subsidiary ledgers.

Close off the books, and prepare the following statements—

Trading, to show gross profits for period.

Profit and Loss, to show net profit for period.

Balance Sheet at close of period.

M 57.

On 1st January, B. Jones started business with the following assets: merchandise \$12000, cash in bank \$32000, office equipment \$1000, land \$20000, buildings \$12000.

He still owed W. McKenzie \$2000 of the purchase price of the land and buildings, and must pay 6 per cent per annum interest, at 30th June and 31st December.

The following were his transactions for the month of January.

All cash was banked by him daily, and all payments were made by cheque, other than those made out of the Petty Cash, which was kept on the imprest system—

Jan. 1.	He drew from Bank and handed to Petty Cashier . . .	\$50
	Purchased merchandise on credit from W. Simpson . . .	10000
	Paid fire insurance on buildings, etc., in advance. The policy was for three years and premium covered the whole period . . .	216
2.	Purchased merchandise on credit from C. Leveque . . .	8000
3.	Sold merchandise on credit to C. Hollins . . .	16000
4.	Paid C. Leveque's account in full, being allowed discount . . .	400
5.	Purchased merchandise from H. Johnson on credit . . .	8000
	Paid salaries by cheque . . .	600
6.	Returned merchandise to H. Johnson as not being up to sample . . .	1000
	Petty Cashier had spent in general office expenses . . .	20
	He was recouped.	
8.	Purchased merchandise for cheque . . .	1000
9.	Purchased merchandise from C. Leveque on credit . . .	6000
	Gave C. Leveque Bill Payable 30 days for . . .	6000
10.	Sold on credit to W. Wilson merchandise . . .	16000
	Sent merchandise on consignment No. 1 to T. Henry, cost price of merchandise being . . .	6000
11.	Sold on credit to C. Hollins merchandise . . .	1600
	Paid freight by cheque on No. 1 consignment . . .	100
12.	Paid W. Simpson cheque \$9500, being allowed discount . . .	500
	Paid salaries by cheque . . .	600
13.	Retired bill given to C. Leveque who allowed discount . . .	300
	Recouped petty cashier for expense for week . . .	25
15.	Paid H. Johnson cheque on account . . .	6000
	W. Wilson returned goods sent in error \$2000, and pays cash on account . . .	10000
16.	Sold on credit to H. Hogan, merchandise . . .	15000
	M. Hogan gave Bill Receivable at 30 days . . .	15000
17.	C. Hollins paid cash \$15200, and is allowed discount . . .	800
	Made cash sales, merchandise . . .	600
18.	Sold C. Hollins on credit, merchandise . . .	9200
19.	Paid salaries by cheque . . .	600
20.	Petty Cashier had spent on general expenses . . .	15
	and had purchased out of his cash office equipment . . .	30
	It was thought that the amount of his imprest was too great, accordingly he was paid cash so that his imprest was reduced to . . .	30

Jan. 22.	Made cash sales	\$1400
	Purchased merchandise from H. Duncan on credit	20000
23.	Sold on credit to H. Johnson, merchandise	10000
	Received from T. Henry, Winnipeg, account sales for consignment gross proceeds equal	10000
	His expenses and commission equal \$1500. He enclosed bank draft for net proceeds.	
24.	M. Hogan returned his 30 days bill of the 16th, and was allowed discount	750
25.	Purchased merchandise for cheque	4000
26.	Paid salaries cheque	600
27.	Petty cashier is recouped for weeks expenditure which is for general expenses	15
29.	Paid by cheque inward freight on merchandise from K. Duncan	500
30.	Sold on credit to M. Hogan merchandise	6000
31.	Purchased from C. Leveque on credit	12000
	Paid by cheque outward freight on sales for month	2800

Merchandise inventory at 31st January was valued at \$22000.

Allow for depreciation on buildings at 6 per cent per annum, and on office equipment at 12 per cent per annum.

Set up a Reserve for Bad Debts equal to 1 per cent on the Net Credit Sales, and for discounts equal to 2 per cent on the same figure.

The Outward Freight paid on 31st January had been covered by specific increases to selling prices for sales made during the month.

Expenses had accrued but not been paid \$50.

M 58.

On 1st January, H. Finlayson set up in business as wholesale jobber in Montreal. He had \$20000 in cash, which he duly deposited in the Bank of Montreal. The following were his transactions for the month of January, it being understood that all receipts were deposited in the bank, and that the discount terms for all credit sales and credit purchases were 3 per cent, 15 days (3/15).

Jan. 1.	Paid 6 months rent of store by cheque	\$1200
	Paid by cheque for fittings and fixtures	1500
	Purchased merchandise on credit from—	
	A. Sims	1500
	R. Good	1500
	H. Morgenson	2000
	Purchased merchandise, and paid by cheque	2500
2.	Sold merchandise for cash	1200
3.	Sold merchandise on credit to—	
	R. Jonas	1000
	W. Chapman	1500
	A. Williams	2000
	Drew from bank for office expenses	50
4.	Paid petty office expenses in cash	20
5.	Paid in cash freight on goods purchased on 1st	28

Jan. 6.	Received Chapman's note for \$1500, due in 30 days, in payment of goods sold him on 3rd.	
7.	Gave our note, due in 30 days, to H. Morgenson in payment of goods purchased on 1st	\$2000
	Withdrew from Bank for office purposes	48
8.	Purchased merchandise and paid by cheque	3000
9.	Purchased merchandise on credit from—	
	R. Good	1000
	H. Morgenson	1500
	W. Mullen	2500
	A. Sims	3000
10.	Sold merchandise for cash	2000
	Paid in cash freight on purchases	30
	Paid in cash sundry office expenses	20
	Sent goods on consignment to R. Potter of Winnipeg, cost price of goods	3000
	Paid by cheque freight on this consignment	50
	Returned goods to W. Mullen as not being what was ordered, and received credit note	200
	Discounted Chapman's note leaving proceeds in bank (discount \$15)	1485
11.	Sold merchandise on credit to—	
	W. Chapman	1000
	A. Williams	1200
	R. Jonas	1500
	A. Kells	2250
12.	A. Kells returned goods to value of \$250, and was duly allowed credit	250
13.	Withdrew from bank for office purposes	50
14.	Paid A. Sims and R. Good by cheque for goods purchased on 1st January (\$1455 each).	
15.	R. Jonas and W. Williams paid us for goods purchased on 3rd (\$970 and \$1940).	
	Paid office salaries by cheque	300
17.	Paid in cash for sundry office expenses	18
18.	Paid by cheque 5 years premium on fire insurance policy	360
19.	Paid by cheque for 3 months telephone	60
20.	Paid by cheque taxes for year	480
21.	Purchased goods and paid by cheque	2000
22.	Sold goods on credit to—	
	A. Kells	1000
	R. Jonas	1200
	A. Williams	1200
	W. Chapman	1500
23.	Sold goods for cash	800
24.	Paid Good, Morgenson, Mullen, and Sims by cheques for goods purchased on 9th (\$970, \$1455, \$2231, \$2910).	
25.	A. Williams returned goods to the value of \$200, and was allowed credit	200
26.	Chapman, Williams, Jonas, and Kells paid for goods purchased on 11th (\$970, \$1164, \$1455, \$1940).	
27.	Purchased goods on credit from—	
	A. Sims	1200
	W. Mullen	1200
	H. Morgenson	1200
	R. Good	1200

Jan. 28.	Returned goods to R. Good and duly received credit note .	\$200
31.	Paid in cash sundry expenses .	28
	Received from R. Potter of Winnipeg his account sales, showing that he had sold our consignment for \$4000, that he had paid in duty and expenses thereon \$250, and that the net proceeds after deducting 5% commission amounted to \$3550, for which amount a bank draft was enclosed	3550
	Paid by cheque for salaries	400
	Paid by cheque office expenses	250

The inventory of merchandise taken at 31st January was valued at \$5750.

Allow for Depreciation on Fixtures and Fittings at the rate of 24 per cent per annum.

Set up a Reserve against Bad Debts equal to 3 per cent of the Net Credit Sales.

Expenses had accrued at 31st January, but had not been paid, amounting to \$75.

*Group N.**Exercises Nos. 59-60**(see also Groups I and J).*

Special Features. Cash not banked daily.
Dishonoured Bill.
Inward Consignment (No. 60).
Columnar Sales and Purchases (No. 60).

Books. As for *Group I* (but see Cash Book rulings Nos. 6 and 8).

Instructions.

Record the transactions in the books of original entry.

Open separate ledgers for Accounts Receivable (Sales) Ledger and for Accounts Payable (Purchase) Ledger.

Establish Control Accounts in the General or Private Ledger for these two Ledgers.

Write up the various accounts in these three Ledgers, making any necessary adjustments and transfers, and closing off the ledgers.

Take out a Trial Balance.

Prepare a Trading and Profit and Loss Statement for the month of January, and a Balance Sheet as at 31st January.

N 59.

On 1st January, G. Duncan started business with the following assets: merchandise \$12000, cash in bank \$30000, cash in office \$200, office equipment \$1000, bill receivable H. Marr (due 14th January) \$2000, buildings \$14000, land \$18000.

He still owed \$4000 to H. Johnson, being part of the purchase price of the land and buildings. Interest at 6 per cent per annum was payable on 30th June and 31st December.

The following were his transactions for the month of January—

Jan. 1.	He handed cash to Petty Cashier	\$50
	He purchased merchandise on credit, P. Williams	10000
	He discounted with his bank the Bill Receivable, H. Marr, which was due 14th January, proceeds being	1980
3.	He sold merchandise on credit to S. Usher	1400
	He gave P. Williams a Bill Payable (30 days) for	10000
	He paid expenses out of Petty Cash	4
	He sold merchandise for cash	100
4.	He sold merchandise on credit to S. Watson	6000
	He sold merchandise for cash	600
	He purchased merchandise on credit from H. Robson	9000
	S. Usher paid him cheque	13900
	and was allowed discount	100
	S. Usher's cheque was banked together with cash	500
5.	He sold merchandise on credit to H. Macintosh	7000
	S. Watson gave him Bill Receivable for	6000
	He paid H. Robson by cheque	8910
	and was allowed discount	90
	He purchased merchandise on credit from P. Williams	4000
	He sold merchandise for cash	100
	He discounted S. Watson's Bill Receivable with his bank, proceeds being	5940
8.	H. Macintosh paid him cheque for	6930
	and was allowed discount	70
	He banked Macintosh's cheque.	
11.	He sold merchandise on credit to S. Usher	10000
	He paid expenses out of Petty Cash	8
12.	He sold merchandise on credit to A. Alexander	8000
	He paid expenses out of office cash	120
13.	He sold merchandise for cash	100
	He paid expenses out of office cash	60
	He purchased merchandise on credit from H. Robson	15000
	He paid expenses out of Petty Cash	9
14.	He sold merchandise on credit to H. Macintosh	2000
	Bank notified that H. Marr had dishonoured his bill for	2000
	Bank charged his account with	2000
	H. Marr gave Duncan new bill receivable for	2100
	of which \$100 is for interest.	
17.	S. Usher paid him cheque for	9950
	and was allowed discount	50
	A. Alexander paid him cheque for	7920
	and was allowed discount	80

Jan. 17.	He paid cheques into bank	\$17870
18.	He sold merchandise on credit to N. Oliver	8000
	He paid expenses out of Petty Cash	3
20.	N. Oliver paid cheque	7920
	and was allowed discount	80
	He sold merchandise for cash	800
	He banked Oliver's cheque and cash, totalling	8420
	He paid expenses out of Petty Cash	7
	The Petty Cashier was recouped for his expenditure.	
24.	He sold merchandise on credit to N. Oliver	9000
	He sold merchandise for cash	400
25.	He purchased merchandise for cash	300
	He paid expenses out of Petty Cash	5
26.	He purchased merchandise on credit from D. Mathieson	10000
	He paid expenses out of office cash	80
27.	He sold merchandise on credit to S. Usher	6000
	He sold merchandise for cash	200
28.	He sold merchandise to B. Charlesworth	6000
	He paid D. Mathieson by cheque	9900
	and was allowed discount	100
	He paid expenses out of Petty Cash	8
29.	He purchased merchandise on credit from L. Corson	8000
	He sold merchandise for cash	600
	B. Charlesworth paid cheque	5940
	and was allowed discount	60
	He banked Charlesworth's cheque and also cash	400
31.	He sold merchandise on credit to J. Hanson	6000
	He paid expenses out of Petty Cash	9
	He paid wages out of cash	180
	He paid salaries by cheque	460
	He paid expenses by cheque	240
	He paid expenses out of office cash	80

Duncan banked cash and cheques as and when stated in the exercise.

Merchandise inventory 31st January was \$4000. General Expenses had accrued, but had not been brought into the books, amounting to \$150.

Write Depreciation off the value of the equipment at 12 per cent per annum, and off the buildings at 6 per cent per annum.

Open a Reserve Account for Discounts equal to 2 per cent on the Accounts Receivable unpaid at the end of the month, and also a Reserve Account for Bad Debts equal to 1 per cent on the same figure

N 60.

W. Gilbert started business on 1st January, with the following assets: cash in bank \$40000, cash in office \$300, office equipment \$2000, bill receivable (D Appleton) due January 15th \$3000;

merchandise (brassware) \$3000, (ironware) \$4000, (house furniture) \$8000, (sundries) \$2000, buildings \$18000, land \$12000.

He owed \$3000 to W. Owens, interest at 8 per cent per annum being payable at 30th June and 31st December.

He banked cash and cheques as and when stated in the exercise
The following were his transactions for the months of January—

Jan.	1.	He discounted D. Appleton's B. R. with Bank, proceeds	\$2970
		He handed cash to petty cashier	50
		He purchased on credit from R. Johnson	
		Brassware \$8000; ironware \$3000.	
		He sold sundries for cash	200
	3.	He sold on credit to R. Carruthers	
		Brassware \$5000, Ironware \$2000.	
	4.	He sold on credit to P. Gibbs	
		Brassware \$6000; Ironware \$4000	
		Furniture \$5000; Sundries \$1000	
	6.	Paid expenses out of Petty Cash	7
		R. Carruthers paid him cheque	6930
		being allowed discount	70
		He paid into bank cash and cheques	7100
	7.	He purchased on credit from J. Weston	
		House furniture \$7000; Sundries \$6000	
		Brassware \$3000	
		P. Gibbs gave a Bill Receivable for	16000
	8.	He sold on credit to R. Barry	
		Brassware \$2000; Ironware \$1000	
		Furniture \$4000; Sundries \$2000	
		He paid wages out of office cash	50
		He discounted P. Gibbs Bill Receivable with bank, proceeds	
		being	15840
	10.	He received from D. Anderson, Toronto, a consignment of	
		furniture for sale on Anderson's account, invoiced at	4000
		He paid by cheque freight, etc., on above	100
	12.	Paid expenses out of Petty Cash	6
		He sold sundries for cash	500
		R. Barry paid him cheque for	8910
		being allowed discount	90
		He paid into Bank cash and cheques	9210
	13.	He sold on credit to H. Doyle	
		Brassware \$4000; Furniture \$6000; Sundries \$4000	
		He paid J. Weston cheque for	15840
		being allowed discount	160
	14.	Paid expenses out of Petty Cash	8
		H. Doyle paid him cheque for	13860
		being allowed discount	140
		He sold sundries for cash	300
		He paid into bank cash and cheques	14160
	15.	He purchased on credit from T. Robertson	
		Brassware \$4000; Ironware \$7000	
		Furniture \$5000; Sundries \$2000	
	15.	He paid wages out of office cash	50
		Bank notified that D. Appleton had dishonoured his bill,	
		and that they had charged his bank account with	3000

Jan. 17.	D. Appleton gave Gilbert a new Bill Receivable for \$3100, of which \$100 is for interest.	
18.	He sold on credit to H. Doyle Brassware \$3000; Ironware \$5000 Furniture \$3000; Sundries \$2000	
19.	Paid expenses out of Petty Cash	\$5
	He gave T. Robertson a Bill Payable for	18000
	He sold sundries for cash	150
20.	He sold Anderson's consignment of furniture to L. Booth on credit	5000
21.	He sold on credit to R. Carruthers Brassware \$2000; Ironware \$3000 Furniture \$4000; Sundries \$3000	
22.	He paid wages out of office cash	50
	L. Booth paid for Anderson's furniture being allowed discount	4950 50
	Cheque was banked	
24.	Paid expenses out of Petty Cash	7
	Gilbert sent Account Sales to Anderson crediting himself with \$250 for commission. He sent Anderson a cheque for balance due him.	
25.	He purchased on credit from H. Davidson Ironware \$4000; Furniture \$6000; Sundries \$3000.	
	He paid expenses out of office cash	150
26.	He sold on credit to P. Gibbs Brassware \$1000; Ironware \$2000; Sundries \$1000	
27.	Petty expenses out of Petty Cash	9
	He sold sundries for cash	200
28.	He purchased on credit from J. Weston Brassware \$6000; Ironware \$4000; Sundries \$3000.	
29.	He paid expenses out of Petty Cash	6
	He paid wages out of office cash	50
	He sold on credit to R. Barry Brassware \$5000; Ironware \$5000 Furniture \$4000; Sundries \$5000	
31.	Refunded petty cashier, bringing his balances up to	50
	He paid salaries by cheque	300
	He paid H. Davidson by cheque being allowed discount	12870 130
	He paid expenses by cheque	100
	His inventories at 31st January were as follows— Brassware \$7000; Ironware \$6000 Furniture \$5000; Sundries \$7000	

General Expenses had accrued, but had not been brought into the books, amounting to \$20.

Write depreciation off the value of the equipment at 12 per cent per annum and off the buildings at 6 per cent per annum.

Open a Reserve Account for Discounts equal to 2 per cent on the Accounts Receivable unpaid at the end of the month, and also a Reserve Account for Bad Debts equal to 2 per cent on the same figure.

*Group O.**Exercise No. 61.*

Special Features. Use of Columnar General Journal for purpose of collecting items for Control Accounts of subsidiary Ledgers.

Books Required. As for *Group I.*

General Journal to have Debit and Credit Columns, each divided into three sub-columns (see ruling No. 11).

Instructions.

Record the transactions in the books of original entry.

Open separate Ledgers for Trade Debtors (Sales) Ledger and for Trade Creditors (Purchase) Ledger.

Establish Control Accounts in the General or Private Ledger for these two Ledgers.

Write up the various accounts in these three Ledgers, making any necessary adjustments and closing off the Ledgers.

Take out a Trial Balance.

Prepare a Trading and Profit and Loss Statement for the month of January, and a Balance Sheet as at 31st January, 1927.

O 61.

Wm. Owen commenced business on 1st January, with the following assets: cash in bank \$4500, merchandise \$3000, bills receivable (H. Greig) due 7th January \$1000, equipment \$4000, buildings \$8000, land \$7000.

H. Sheldon had lent him \$6000, interest on which at 6 per cent was payable half-yearly at 30th June and 31st December.

His transactions for the month of January were as follows—

Jan.	1.	Withdrew from Bank for office Petty Cash	\$30
	4.	Purchased merchandise on credit from L. Kennedy	5000
	5.	He returned to L. Kennedy goods as not being what he had ordered	1000
	7.	He gave L. Kennedy a Bill Payable for	4000
		He spent in expenses out of Petty Cash	6
	8.	He sold merchandise on credit to H. Greig	4000
		He discounted Greig's bill with Bank, proceeds	990
		He spent out of Petty Cash, expenses	5
	11.	He sold merchandise on credit to M. Bernard	2000
		L. Kennedy carried out some repairs, charge	200
	14.	M. Bernard paid him cheque for	1980
		being allowed discount	20
		He sold merchandise for cash	500
		He paid L. Kennedy by cheque for	200
	15.	Purchased merchandise on credit from E. Stewart	6000
	17.	He sold merchandise on credit to H. Holt	6000
		Bank notified that H. Greig could not meet his bill.	
		Owen instructed Bank to charge him with \$1000.	
		Owen allowed Greig to renew his bill, but charged him with interest, etc., \$100.	
	18.	H. Greig paid cheque	3960
		being allowed discount	40
		He sold merchandise for cash	200
	20.	He sold merchandise on credit to R. Dawson	5000
		He paid E. Stewart with cheque for	5940
		being allowed discount	60
	21.	Purchased merchandise on credit from S. Roberts	7000
		R. Dawson returned goods as not being what he ordered	1000
	24.	H. Holt paid him cheque for	5940
		being allowed discount	60
	25.	He sold merchandise on credit to H. Robson	3000
		H. Robson gave him a Bill Receivable for	3000
	28.	He gave S. Roberts a Bill Payable for	7000
		He spent in expenses out of Petty Cash	9
		He sold merchandise on credit to H. Robson	1000
	31.	He paid salaries by cheque	500
		He paid expenses by cheque	200
		He recouped petty cashier for his expenses for month.	

He deposited all cash and cheques received daily into the bank. All payments over \$10 were made by cheque. All payments under \$10 were made out of Petty Cash.

Merchandise inventory on 31st January was \$6000.

General Expenses had accrued but had not been brought into the books, amounting to \$100.

Write depreciation off the value of the equipment and buildings at the rate of 6 per cent per annum.

Open a Reserve Account for Discounts equal to 1 per cent on the Trade Debtors unpaid at the end of the month, and also a Reserve Account for Bad Debts equal to $\frac{1}{2}$ per cent on the same figure.

*Group P.**Exercise No. 62.*

Special Features. Closing off a Ledger.

Writing off Bad Debts and Discounts against their Reserves, and bringing these Reserves to the required figures.

Books Required. General Journal.
Ledger.

Instructions.

Open a General Ledger, writing into its accounts the items in the above Trial Balance.

Make the Journal entries necessary to close off the books.

Post these entries to the General Ledger, and close it off.

Prepare a Balance Sheet as at 31st December.

P 62.

The following is the Trial Balance of J. Johnson's books at the close of six months ended 31st December, after he has journalized and posted the entries necessary for the following—

- (a) Merchandise inventory at 31st December.
 (b) Transfer of Gross Profit to Profit and Loss.

Private Ledger—

Capital	.	.	.	.	.	.	.	\$50000
Private Drawings	.	.	.	.	.	.	\$3500	
Fire Insurance	.	.	.	.	.	.	98	
Shop Buildings	242	Westover Street	.	.	.	.	15000	
"	"	181	Tiverton Street	.	.	.	12000	
Land	242	Westover Street	.	.	.	.	8000	
"	"	181	Tiverton Street	.	.	.	7000	
Equipment	242	Westover Street	.	.	.	.	2000	
"	"	181	Tiverton Street	.	.	.	1200	
Merchandise Inventory at 31st December	.	.	.	.	.	.	8064	
Reserve for Depreciation on Shop Buildings	.	.	.	.	.	.		2700
Reserve for Depreciation on Equipment	.	.	.	.	.	.		960
Cash in Bank	.	.	.	.	.	.	3200	
Cash in Office	.	.	.	.	.	.	128	
Profit and Loss : Gross Profit	.	.	.	.	.	.		17038
Accrued Expenses Suspense	.	.	.	.	.	.		200
Fuel and Lighting	.	.	.	.	.	.	350	
Salaries	.	.	.	.	.	.	4728	
Discounts	.	.	.	.	.	.	195	
Reserve for Discounts	.	.	.	.	.	.		215
Bad Debts made	.	.	.	.	.	.	85	
Reserve for Bad Debts	.	.	.	.	.	.		125
Selling Expenses	.	.	.	.	.	.	415	
Salesmen's Salaries	.	.	.	.	.	.	3204	
Stationery and Postage	.	.	.	.	.	.	287	
Delivery Expense	.	.	.	.	.	.	1242	
General Office Expense	.	.	.	.	.	.	368	
Office Salaries	.	.	.	.	.	.	1205	
Accounts Receivable Control	.	.	.	.	.	.	3875	
Accounts Payable Control	.	.	.	.	.	.		4906
							<u>\$76144</u>	<u>\$76144</u>

The Balances of the Accounts Receivable and Accounts Payable Ledgers are as follows—

<i>Accounts Receivable</i>				<i>Accounts Payable</i>			
W. Martin	.	.	\$800	W. Briggs	.	.	\$1050
F. Pearson	.	.	042	John Boyd	.	.	946
T. Chown	.	.	515	H. Duncan	.	.	845
W. Wilson	.	.	416	R. Collins	.	.	923
L. Robinson	.	.	325	R. Floyd	.	.	764
G. Simpson	.	.	415	W. Hart	.	.	378
H. Matthewson	.	.	505				
W. Lloyd	.	.	857				

Entries required by the following are still to be made in both general Journal and Ledger—

(1) The Fire Insurance Debit is for Premiums of which \$72 is unexpired.

(2) Depreciation at rate of 5 per cent per annum is to be provided on all shop buildings. This should be credited to the appropriate Reserve Account.

(3) Depreciation at rate of 4 per cent per annum is to be provided on all office and shop equipment. This should be credited to the appropriate Reserve Account.

(4) Reserve for Bad Debts is to equal 2 per cent of Accounts Receivable.

(5) Reserve for Cash Discounts is to equal 1 per cent of Accounts Receivable.

(6) Profit and Loss Account to be completed.

(7) Balance on Profit and Loss Account to be transferred to Private Drawings Account.

*Group Q.**Exercises 63-68.*

Special Features. Preparation of Trading and Profit and Loss Statements, and Balance Sheet by means of a Working Sheet.

Required. Working Sheet ruled with six pairs of columns, the six pairs being headed as follows—

Original Trial Balance ;

Trading Account Figures.

Adjustments.

Amended Trial Balance, immediately before writing up of Profit and Loss Account.

Profit and Loss Account Figures.

Balance Sheet Figures.

Instructions.

Write up the Working Sheet, gathering into their own columns the figures for the following statements—

- (1) Trading for the period.
- (2) Profit and Loss for the period.
- (3) Balance Sheet at close of period.

From the Working Sheet prepare these statements.

NOTE. Ignore fractions of a dollar if they occur.

Q 63.

The following was a Trial Balance taken from the Private Ledger of F. Moore at 31st December, after six months' trading—

<i>Cash at Bank</i>	\$5900	
<i>F. Moore : Capital</i>		\$60000
<i>F. Moore : Drawings</i> (Cash drawn out for private purposes, and in anticipation of profits)	7000	
<i>Accounts Receivable Control</i>	108000	
<i>Accounts Payable Control</i>		20500
<i>Merchandise : Inventory at 1st July</i>	3000	
<i>" Purchases</i>	204000	
<i>" Sales</i>		294000
<i>General Expenses</i>	8000	
<i>Selling Expenses</i>	10000	
<i>Office Salaries</i>	20600	
<i>Equipment</i>	8000	
	<u>\$374500</u>	<u>\$374500</u>

Both Control Accounts had been balanced with the Ledgers, which they represent. His merchandise inventory at 31st December was valued at \$4500. He decided to write depreciation off the equipment at the rate of 6 per cent per annum, and to raise a Bad Debts Reserve equal to 2 per cent on the Accounts Receivable still outstanding.

Q 64.

The following was a Trial Balance taken from the Private Ledger of W. Carswell at 31st December, after six months' trading—

<i>W. Carswell : Capital</i>		\$20000
<i>Equipment</i>	\$10000	
<i>Cash in Bank</i>	5000	
<i>Accounts Receivable Control</i>	23200	
<i>Accounts Payable Control</i>		5060
<i>Merchandise : Inventory at 1st July</i>	2000	
<i>" Purchases</i>	40000	
<i>" Sales</i>		65000
<i>Travelling Expenses</i>	800	
<i>Office Salaries</i>	2800	
<i>General Office Expenses</i>	950	
<i>Discount and Interest</i>	450	
<i>Advertising</i>	200	
<i>Delivery Expense</i>	2100	
<i>Insurance</i>	60	
<i>W. Carswell : Private Drawings</i>	2500	
	<u>\$90060</u>	<u>\$90060</u>

Both Control Accounts had been balanced with the ledgers which they represent. His merchandise inventory at 31st December was valued at \$3000. He decided to write depreciation off the equipment at 5 per cent per annum. The following expenses had accrued by the close of the year, but had not been paid: office salaries, \$250, general office expenses, \$30. The item Insurance was the premium on a three-year policy, which had commenced to run on 1st July. He decided to raise a Bad Debts Reserve equal to 2 per cent on the Accounts Receivable still outstanding.

Q 65.

The following was a Trial Balance taken from the Private Ledger of D. Fryatt at 31st December, after six months' trading—

D. Fryatt: Capital		\$30000
Cash in Bank	\$1800	
Land	8000	
Buildings	10000	
Reserve for Depreciation—Buildings		1800
Equipment	1000	
Reserve for Depreciation—Equipment		200
Merchandise: Inventory at 1st July	3000	
" Purchases	47000	
" Sales		58000
" Returns Inwards	500	
" Returns Outwards		350
Selling Expenses	2100	
General Office Salaries	1800	
General Office Expenses	754	
Discounts	250	
Advertising	258	
Bad Debts written off	306	
Bad Debts Reserve		380
Travelling Expenses	524	
Insurance	90	
D. Fryatt: Private Drawings	2100	
Trade Debtors Control	16256	
Trade Creditors Control		5008
	<u>\$95738</u>	<u>\$95738</u>

Both Control Accounts had been balanced with the ledgers which they represent. His merchandise inventory at 31st December was \$4500.

He decided to write up depreciation reserves at the following rates per annum—

Buildings	10%
Equipment	5%

The following expenses had accrued by the close of the year but had not been paid—

General Office Salaries	\$45
Advertising	20
General Office Expenses	37

The item for Insurance was the premium on a three-year policy, which had commenced to run on the 1st July.

He decided that after writing off Bad Debts for period the Bad Debts Reserve shall equal 2 per cent of Trade Debtors outstanding.

He decided to create a Reserve for Discounts to equal 1 per cent on the Trade Debtors outstanding.

Q 66.

The following was a Trial Balance taken from the Private Ledger of H. Macfarlane at 31st December, after six months' trading—

H. Macfarlane : Capital		\$25000
Cash in Bank	\$17000	
Land	7000	
Buildings	8000	
Reserve for Depreciation—Buildings		1700
Equipment	2000	
Reserve for Depreciation—Equipment		400
Merchandise : Inventory at 1st July	2500	
" Purchases	48000	
" Sales		60342
" Returns Inwards	600	
" Returns Outwards		420
Selling Expenses	1900	
General Office Expenses	657	
General Office Salaries	2300	
Discounts	235	
Advertising	367	
Bad Debts written off	205	
Bad Debts Reserve		380
Travelling Expenses	624	
Insurance	50	
H. Macfarlane : Private Drawings	2500	
Trade Debtors Control	17005	
Trade Creditors Control		2528
Loan from D. Smith at 8%		5000
Merchandise : allowances on Sales	342	
" allowances on Purchases		215
	<u>\$95985</u>	<u>\$95985</u>

Both Control Accounts had been balanced with the ledgers which they represent. His merchandise inventory at 31st December was \$4200.

He decided to write up Depreciation Reserves at the following rates per annum—

Buildings	:	:	:	:	:	10%
Equipment	:	:	:	:	:	5%

Interest on Loan from D. Smith had not been paid since the 30th June.

The following expenses had accrued by the close of the year, but had not been paid—

General Office Salaries	.	.	.	.	\$28
Advertising	.	.	.	.	40
General Office Expenses	.	.	.	.	80
Travelling Expenses	.	.	.	.	39

The item for Insurance was the balance of the premium on a three-year policy which had been running for one and a half years at the date 31st December above.

He decided that after writing off Bad Debts for period, the Bad Debts Reserve shall equal 2 per cent of Trade Debtors outstanding.

He decided to create a Reserve for discounts by transferring from Profit and Loss a sum equal to $\frac{1}{2}$ per cent on net sales.

Q 67.

The following was a Trial Balance taken from the Private Ledger of A. Cobham at 31st December, after six months' trading—

A. Cobham : Capital	.	.	.	.	.	\$65000
Cash in Bank	.	.	.	.	\$3100	
Land	.	.	.	.	16000	
Buildings	.	.	.	.	18000	
Reserve for Depreciation—Buildings	.	.	.	.		2100
Equipment	.	.	.	.	1900	
Reserve for Depreciation—Equipment	.	.	.	.		285
Merchandise : Inventory at 1st July.	.	.	.	.	6200	
" Purchases	.	.	.	.	94000	
" Sales	.	.	.	.		102000
" Returns Inwards	.	.	.	.	600	
" Returns Outwards	.	.	.	.		450
Selling Expenses	.	.	.	.	4300	
General Office Salaries	.	.	.	.	3100	
General Office Expenses	.	.	.	.	1526	
Discounts	.	.	.	.	518	
Reserve for Discounts	.	.	.	.		615
Advertising	.	.	.	.	498	
Bad Debts written off	.	.	.	.	708	
Bad Debts Reserve	.	.	.	.		680
Carried forward.	.	.	.	.	\$150450	\$171130

Brought forward	\$150450	\$171130
Travelling Expenses	1015	
Insurance Balance at 1st July	180	
A. Cobham : Private Drawings	4200	
Trade Debtors Control	32843	
Trade Creditors Control		17558
	<u>\$188688</u>	<u>\$188688</u>

Both Control Accounts had been balanced with the ledgers which they represent. His merchandise inventory at 31st December was \$10000.

He decided to write up Depreciation Reserves at the following rates per annum—

Buildings	5%
Equipment	2%

The following expenses had accrued by the close of the year, but had not been paid—

General Office Salaries	\$98
Advertising	50
General Office Expenses	84
Travelling Expenses	72

The item for Insurance was the premium on a three-year policy, which had commenced to run on the 1st July.

He decided that after writing off Bad Debts for period, the Bad Debts Reserve shall equal 2 per cent of Trade Debtors outstanding.

He decided to raise a Reserve for Discounts to equal 1 per cent on the Trade Debtors outstanding.

Q 68.

The following was a Trial Balance taken from the Private Ledger of S. Marshall at 31st December, after six months' trading—

S. Marshall : Capital		\$38200
Cash in Bank	\$2100	
Land	9000	
Buildings	12000	
Reserve for Depreciation—Buildings		2400
Equipment	1200	
Reserve for Depreciation—Equipment		240
Merchandise : Inventory at 1st July.	3200	
" Purchases	49250	
" Sales		61230
Carried forward.	<u>\$76750</u>	<u>\$102070</u>

Brought forward	\$76750	\$102070
Merchandise : Returns Inwards	520	
Returns Outwards		460
Selling Expenses	2300	
General Office Salaries	2080	
General Office Expenses	827	
Reserve for Discounts		218
Discounts	342	
Advertising	258	
Bad Debts written off	317	
Bad Debts Reserve		397
Travelling Expenses	615	
Insurance	120	
S. Marshall : Private Drawings	2300	
Trade Debtors Control	18342	
Trade Creditors Control		1626
	<u>\$104771</u>	<u>\$104771</u>

Both Control Accounts had been balanced with the ledgers which they represent. His merchandise inventory at 31st December was \$4820.

He decided to write up Depreciation Reserves at the following rates per annum—

Buildings	12%
Equipment	6%

The following expenses had accrued by the close of the year, but had not been paid—

General Office Salaries	\$48
Advertising	26
General Office Expenses	38
Travelling Expenses	28

The item for Insurance was the premium on a three-year policy, which had commenced to run on the 1st July.

He decided that after writing off Bad Debts for period the Bad Debts Reserve shall equal 2 per cent of Trade Debtors outstanding.

He decided to raise the Reserve for Discounts to equal 1 per cent on the Trade Debtors outstanding.

*Group R.**Exercise No. 69**Special Features.* Partnership.

Partners' Salaries.

Interest on Capital.

Interest on Overdrawings.

Division of Net Profits.

Profit and Loss or General Operating Statement.

Net Income Statement.

Statement of Appropriation of Profit and Loss.

Cash and cheques not all banked daily.

Columnar Sales and Purchases Journals.

Books Required. As for *Group I* (but see Cash Book rulings Nos. 6 and 8).

Returns Inwards Journal (columnar).

Returns Outwards Journal (columnar).

Instructions.

Write up the books of original entry.

Post from these books to the General, Trade Debtor and Trade Creditor Ledgers.

Make all necessary transfers and adjustments to write up Trading, General Operating, Net Income, and Appropriation of Profit and Loss Accounts.

Credit partners' Current Accounts with sums due to them.

Take out a Trial Balance Sheet and prepare the following statements for the period—

- (a) Trading, to show Gross Profit.
- (b) General Operating, to show Net Profit from regular operations with use of total capital employed, regardless of whether it was contributed by owners, or borrowed. Partners' salaries will appear in this statement.
- (c) Net Income, to show Net Increase for period after paying interest on loans, and bringing in all profits and losses outside the regular operations.
- (d) Appropriation of Profit and Loss, to show what was available for distribution amongst the owners, and how it was distributed. This statement will contain adjustments for Interest on Capital and Interest on Overdrawings.
- (e) Balance Sheet.

R 69.

On 1st January, Smith, Jones, and Brown entered into partnership as wholesale merchants. They contributed assets to the concern as follows—

Smith—Cash in Bank	.	.	.	.	.	.	\$500	
Cotton Goods	.	.	.	.	.	.	10000	
Silk Goods	.	.	.	.	.	.	10000	
Land	.	.	.	.	.	.	6500	
Buildings	.	.	.	.	.	.	11000	
Office Equipment	.	.	.	.	.	.	2000	
Goodwill	.	.	.	.	.	.	30000	
								\$70000
Jones—Cash in Bank	.	.	.	.	.	.	2500	
Cotton Goods	.	.	.	.	.	.	10000	
Woollen Goods	.	.	.	.	.	.	15000	
Linen Goods	.	.	.	.	.	.	5000	
Transport Equipment	.	.	.	.	.	.	15000	
Goodwill	.	.	.	.	.	.	12500	
								60000
Brown—Cash in Bank	.	.	.	.	.	.	18000	
Office Equipment	.	.	.	.	.	.	2000	
								20000
								<u>\$150000</u>

They agreed to the following—

(a) Capitals to be fixed pending any further agreement, but to receive interest at 6 per cent per annum credited monthly.

(b) Salaries as follows to be credited to partners at end of each month—

Smith	.	.	.	.	.	.	\$4800 per annum
Jones	.	.	.	.	.	.	3600 " "
Brown	.	.	.	.	.	.	2400 " "

(c) Net profits are to be shared on the following terms: Smith $\frac{5}{10}$, Jones $\frac{4}{10}$, and Brown $\frac{1}{10}$. Accounts are to be prepared half-yearly, or oftener as the partners decide; and profits are to be credited to their Current Accounts whenever accounts are prepared.

(d) After each partner has drawn from his Current Account what he requires at the end of each month, the balance is to be credited to a Loan Account for him, bearing interest at 6 per cent.

(e) Partners will decide half-yearly, or when they think fit, whether they require these loans for the business, and if so, what fresh arrangements are to be made as to their respective capitals and shares of profits.

(f) Until accounts are prepared, each partner may draw a sum made up as follows—

His monthly salary.

„ interest on capital.

„ interest on his loan account, if any.

A sum on account of profits, varying as follows—

In the case of Smith	\$1000
„ „ „ „ Jones	800
„ „ „ „ Brown	200
	<hr/>
	\$2000

This total sum should be drawn only at the end of the month.

If any partner draws money out before the last day of the month he is to be charged interest at 6 per cent.

(g) Drawings in excess of amounts agreed upon are to be repaid in cash immediately, should the other partners request this.

(h) Cash and cheques received are not necessarily to be banked daily, but Petty Cash is to be kept on the Imprest System.

Jan. 1.	Drew from Bank for Office purposes	\$300
	Handed to Petty Cashier system	20
	Purchased the following on credit—	
	From J. Thomas Silks	\$4000
	Woollens	8000
		<hr/>
		12000
	From W. Morgan Cottons	7000
	Linens	3000
		<hr/>
		10000
	From H. Hughes Silks	1000
	Cottons	8000
		<hr/>
		9000
2.	Made following sales on credit—	
	H. Riley Silks	1200
	Linens	4000
	Cottons	4000
		<hr/>
		9200
	T. Lawson Cottons	16000
	Woollens	5000
		<hr/>
		21000
	H. Davidson Woollens	6000
	Silks	5000
	Linens	1000
		<hr/>
		12000
	H. Riley gave us Note Receivable at 30 days for his account	9200
	Purchased Office Equipment by cheque	800
3.	Purchased Office Equipment by cheque	
4.	Sent back H. Hughes silks, as they are not up to sample	500
4.	Sent back J. Thomas woollens, as they are not what was ordered	1000

Jan. 4.	Sold Cottons for cash	\$400
	Sold Linens for cash	200
	Paid cash into Bank	700
4.	Paid the following cheques, getting 5% discount to settle the accounts of—	
	J. Thomas	\$10450
	W. Morgan	9500
		<hr/>
	Gave H. Hughes Note Payable at 30 days for the balance of his account	19950
		8500
	T. Lawson paid cheque on account	10000
	Sold Silks for cash	500
	Deposited in the Bank	10300
6.	Purchased the following on credit—	
	H. Hughes	
	Silks	2000
	Cottons	5000
	Woollens	1000
		<hr/>
	P. Richards	
	Linens	3000
	Woollens	6000
		<hr/>
	The firm gave P. Richards Note Payable at 30 days	9000
	Purchased from J. Thomas on credit—Silks	9000
	Purchased from W. Morgan on credit—	3000
	Cottons	5000
	Linens	1000
		<hr/>
		6000
7.	H. Riley retired his note and is allowed 5% discount, and pays cheque	8740
	This was paid into the Bank	8740
	The firm retired their own Note Payable given to H. Hughes, who allowed them 5% discount. They gave him cheque for	8075
7.	Sent back goods to W. Morgan, as they contained flaws—	
	Linens	500
	Made cash sales	500
	Paid cash into Bank.	
	Gave W. Morgan Note Payable at 30 days for balance of his account	5500
8.	H. Davidson paid cheque on account	6000
	Made following sales on credit to H. Davidson—	
	Cottons	3000
	Silks	3000
	Woollens	7000
	Made cash sales as follows—	
	Silks	700
	Linens	500
		<hr/>
	Paid cash into Bank	1200
	Made following sales on credit to T. Lawson—	7300
	Cottons	4000
	Silks	1000
	Linens	4000
	Woollens	2000
		<hr/>
		11000
9.	H. Davidson returned woollens as not being what he ordered	500

Jan. 9.	He paid salaries of clerks to date by cheque . . .		\$105
	He paid salaries of workmen to date by cheque . . .		100
	Petty Cashier handed in statement of his expenditure since 1st, together with necessary vouchers—		
	Stationery	\$12	
	Office Expenses—		
	Postage	2	
	Cleaning	5	
		7	
	This was paid him out of cash.		19
12.	Made cash sales—Woollens		300
	Paid cash into Bank		200
14.	Sold goods on credit to H. Riley—		
	Linens	2000	
	Cottons	2000	
			4000
15.	Smith drew cheque on account of drawings		1000
16.	Paid salaries of clerks by cheque		100
	Paid wages of warehousemen by cheque		100
	Made purchase on credit H. Hughes—Cotton		5000
	Petty Cashier was recouped for his expenditure—		
	Stationery	10	
	Office Expenses—		
	Postage	3	
	Cleaning	5	
		8	
			18
19.	Made sales on credit to H. Davidson—		
	Woollens	1000	
	Cottons	8000	
			9000
21.	T. Lawson paid cheque to settle for goods he received on 2nd Jan, getting 5% discount on total: cheque is for		9950
	Cash Sales were made this day		
	Linens	500	
	Cottons	1500	
			2000
21.	H. Davidson paid cheque for balance on account of goods received by him on 2nd inst., being allowed \$100 discount.		5400
	Paid cheque, etc., into Bank		17300
23.	Made sales on credit to T. Lawson—		
	Linens	5000	
	Cottons	2000	
	Woollens	4000	
			9000
	Paid salaries of clerks to date by cheque		100
	Paid wages of warehousemen to date by cheque		100
	Petty Cashier rendered his statement for the week and is recouped out of cash—		
	Stationery	8	
	Office expenses—		
	Postage	4	
	Cleaning	5	
		9	
			17

Jan. 25. Paid H. Hughes cheque getting 5% discount and settling his account to date	\$12250
Cash sales this day—Linens	200
H. Davidson paid cheque on account	15000
Paid into Bank	15300
27. T. Lawson paid cheque to settle for goods received on the 8th, and got 5% discount	10450
T. Lawson returned as not being what he ordered—	
Linens	\$500
Woollens	500
	<hr/>
	1200
27. H. Riley paid cheque on account	3000
Sold H. Riley on credit—	
Linens	3000
Cottons	1500
	<hr/>
	4500
Paid cash and cheques into Bank	13450
31. Petty Cashier rendered his statement for the week and recouped out of cash—	
Stationery	7
Office expenses—	
Postage	2
Cleaning	5
	<hr/>
	7
	<hr/>
	14
Paid salaries of clerks to date by cheque	100
Paid wages of warehousemen to date by cheque	100
Paid for transportation of goods inwards by cheque	250
Paid for transportation of goods outwards for cheque	200
Paid various partners' travelling expenses for month in cash	60

Stocks on hand at 31st January were as follows—

Cottons	\$15000
Silks	15000
Woollens	15000
Linen	5000

Make provision for the following—

Reserve for Discounts 5% on Accounts Receivable outstanding at 31st Jan.
Reserve for Bad Debts $2\frac{1}{2}\%$ on Accounts Receivable outstanding at 31st Jan.
Depreciation on Office Equipment 5% per annum.
Transport Equipment 10% per annum.
Buildings 6% per annum.
Outstanding Rates and Taxes—\$50.

In making calculations for interest, regard 15 or 16 days as half a month, and a month as a twelfth of a year; also, where fractions of a dollar are concerned, bring figures out to the nearest cent.

Transfer the net profit to partners' Current Accounts.

The partners agreed for the present not to draw more than the following sums out of the business—

Smith	\$10000
Jones	8000
Brown	2000

Smith's \$1000 previously drawn is of course taken into account. They drew cheques for sums accordingly as on 31st January.

They then had the balances of their Current Accounts transferred to their Loan Accounts.

*Group S.**Exercises Nos. 70-74.*

Special Features. Closing off the books of a partnership, working from a Trial Balance.

Preparation of the following statements from the Ledger Accounts concerned—

Trading for period.

General Operating for period.

Net Income for period.

Appropriation of Profit and Loss for period.

Books Required. General Journal.

General or Private Ledger.

Instructions.

Open the accounts as shown in the Trial Balance in the General Ledger, and write in the balances given.

Make all necessary transfers and adjustments to write up the following accounts—

(1) Trading.

(2) General Operating.

(3) Net Income.

(4) Appropriation.

(5) Partners' Current and Loan Accounts.

Take out a Trial Balance and close off the Ledger.

Prepare statements for the period, based on the accounts numbered 1 to 4.

Prepare a Balance Sheet at the close of the period.

NOTE. If there are fractions of a dollar, bring to the nearest dollar.

S 70.

Messrs. Hughes and Lloyd are in partnership as general traders. The Trial Balance of their Private Ledger at the close of the six months ended 31st December was as follows—

Accounts Receivable	\$88074	
Office Equipment (Cost)	2600	
Purchases	296057	
Cash in hand and in Bank	14162	
Bills Payable		\$11058
Returns of Purchases		724
Loan from Hughes at 8% per annum		3000
Reserve for Discount		240
Discounts	285	
Merchandise Inventory : 1st July	20156	
Sales		400058
Returns of Sales	1056	
Capital : N. Hughes		50000
S. Lloyd		30000
General Office Expenses	5057	
Salesmen's Salaries and Commission	15032	
Reserve for Depreciation of Office Equipment		610
Reserve for Bad Debts		814
Bad Debts written off since 1st July	608	
Selling Expenses	22045	
General Office Salaries	8159	
Accounts Payable—		7287
N. Hughes : Current	18000	
S. Lloyd : "	12500	
	<u>\$503791</u>	<u>\$503791</u>

The adjustments required by the following are still to be made—

(a) The merchandise inventory at 31st December was valued as follows : \$15057.

(b) Interest for period on Hughes' loan.

(c) Interest on Capitals at 5 per cent per annum.

(d) Interest on Overdrawings at 6 per cent per annum. For two months Lloyd had overdrawn his Current Account by \$2000.

(e) Reserve for Depreciation of Office Equipment to be increased by 3 per cent per annum, calculated on cost of asset.

(f) Salaries are to be credited to partners at the following rates per annum—

N. Hughes	\$10000
S. Lloyd	8000

N. Hughes looked after the General Office and S. Lloyd after the Selling Department.

(g) Reserve for Discounts was to stand in the Balance Sheet equal to 1 per cent on Accounts Receivable.

(h) Reserve for Bad Debts was to stand in the Balance Sheet equal to $\frac{1}{2}$ per cent on Accounts Receivable.

(i) They share profits and losses, after the charging of all of the above, in the following ratio—

H. Hughes	.	.	.	.	.	.	.	$\frac{2}{3}$
S. Lloyd	.	.	.	.	.	.	.	$\frac{1}{3}$

S 71.

Messrs. Cornhill, Jones, and MacLean are in business as general traders. Their Trial Balance at the close of the six months ended 31st December was as follows—

Cash in hand and in Bank	.	.	.	.	.	\$13000	
Capital: Cornhill	.	.	.	.	.		\$30000
Jones	.	.	.	.	.		20000
MacLean	.	.	.	.	.		20000
Accounts Receivable	.	.	.	.	.	40000	
Bills Payable	.	.	.	.	.		10900
Discount	.	.	.	.	.	230	
Reserve for Bad Debts	.	.	.	.	.		56
Buildings	.	.	.	.	.	15000	
Land	.	.	.	.	.	20000	
Reserve for Depreciation of Buildings	.	.	.	.	.		4000
Office Equipment	.	.	.	.	.	2000	
Reserve for Depreciation of Office Equipment	.	.	.	.	.		600
Loan from Cornhill at 8%	.	.	.	.	.		2500
Loan from MacLean at 8%	.	.	.	.	.		3000
Current Account: Cornhill	.	.	.	.	.	18000	
Jones	.	.	.	.	.	10000	
MacLean	.	.	.	.	.	5500	
Accounts Payable	.	.	.	.	.		2836
Sales	.	.	.	.	.		406000
Returns of Sales	.	.	.	.	.	700	
Allowances on Sales for Damaged Goods, etc.	.	.	.	.	.	1500	
Purchases	.	.	.	.	.	302000	
Returns of Purchases	.	.	.	.	.		800
Allowances on Purchases	.	.	.	.	.		200
Merchandise Inventory at 1st July	.	.	.	.	.	21000	
Salesmen's Salaries	.	.	.	.	.	16000	
General Office Salaries	.	.	.	.	.	8900	
Selling Expenses	.	.	.	.	.	22000	
General Office Expenses	.	.	.	.	.	5062	
						<u>\$500892</u>	<u>\$500892</u>

The merchandise inventory at the close of the period was valued at \$18000.

Interest was to be allowed on Capital at 5 per cent and will be charged to an account for "Interest on Capital."

Interest was to be charged on overdrawings at 6 per cent per annum. For two months the Current Account of Jones was overdrawn \$2000. Credit should go to "Interest on Overdrawings."

Reserve for Discounts had to be raised to equal 1 per cent on the Accounts Receivable.

Reserve for Bad Debts had to be raised to equal $\frac{1}{2}$ per cent on the Accounts Receivable.

Reserve for Depreciation of Buildings was to be increased by 6 per cent per annum on the gross book-value of the asset and of Office Equipment by 12 per cent per annum on the gross book value of the asset.

Cornhill and MacLean were not going to withdraw any more cash from the business and Jones agreed that any credit balances on their Current Accounts at the end of the period were to be transferred to their Loan Account.

Profits were shared in the following proportions: Cornhill $\frac{1}{2}$, Jones $\frac{1}{4}$, MacLean $\frac{1}{4}$.

Salaries were credited to partners at the following rates per annum: Cornhill \$10000, Jones \$4000, MacLean \$6000.

Interest at 8 per cent on Cornhill's and MacLean's Loan Account was credited to their Current Accounts.

S 72.

Messrs. Jones, Roberts and Stewart are in partnership as traders. They bring to you the following Trial Balance taken from their books at 31st December—

Cash in hand and in Bank	\$22500	
Accounts Receivable	47800	
Merchandise Inventory at 1st July	26600	
Office Equipment	1060	
Land	14600	
Buildings	13800	
Reserve for Depreciation on Buildings		\$880
Reserve for Depreciation on Office Equipment		620
Office Salaries	6425	
Accounts Payable		5926
Reserve for Bad Debts		46
Discounts: Sales	934	
Discounts: Purchases		120
Carried Forward	\$133719	\$7592

Brought Forward	\$133719	\$7592
Selling Expenses	4632	
General Office Expenses	5432	
Jones—Current Account	10060	
Roberts—Current Account	8046	
Stewart—Current Account	4500	
Stewart—Loan Account		8400
Purchase	65643	
Returns Inwards	2000	
Returns Outwards		1439
Sales		101601
Jones—Capital		50000
Roberts—Capital		45000
Stewart—Capital		20000
	<u>\$234032</u>	<u>\$234032</u>

The merchandise inventory at 31st December was valued at \$35640. They tell you that the following adjustments must be made—

(a) Reserves for Depreciation on Buildings to be increased by 5 per cent per annum on book figures for buildings.

(b) Reserve for Depreciation on Office Equipment to be increased by 10 per cent, calculated similarly.

(c) Reserve for Bad Debts is to be increased to 1 per cent on the Accounts Receivable, and

(d) Reserve for Discounts (Sales) is to be raised equal to 2 per cent on the Accounts Receivable.

(e) Partners' Current Accounts are to be credited with salaries at the following rates per annum : Jones \$12000, Roberts \$10000, Stewart \$8000.

(f) Partners' Current Accounts are to be credited with 5 per cent interest on their capitals. This interest will be debited to a special account for " Interest on Capitals."

(g) Stewart is not going to draw out any more cash and the other partners have agreed to his transferring any credit balance on his Current Account to his Loan Account at 8 per cent.

(h) Stewart has been paid no interest on his loan for the six months just closed. This interest must appear in the Profit and Loss Account as a special item.

(i) They share profits in the ratio of Jones $\frac{2}{3}$, Roberts $\frac{2}{3}$, Stewart $\frac{1}{3}$.

(j) The amount that a partner can draw out of the business in any one month is limited. Interest on over-drawings is charged

6 per cent per annum. For a space of one month Roberts had overdrawn his account by \$4000. He must be charged with this interest, which will be credited to the "Interest on Overdrawings" Account.

S 73.

Messrs. Carter, Jackson, and MacNaughton are in business as general traders. Their Trial Balance at the close of the six months ended 31st December was as follows—

Cash in hand and in Bank	\$12000	
Capital—Carter		\$40000
" Jackson		15000
" MacNaughton		15000
Accounts Receivable	42000	
Bills Payable		12800
Reserve for Cash Discounts and Interest (before writing off cash discounts and interest for six months)		1085
Discounts and Interest: Cash	996	
Reserve for Bad Debts		540
Bad Debts written off during period	648	
Buildings	20000	
Land	18000	
Reserve for Depreciation of Buildings		5000
Office Equipment	3000	
Reserve for Depreciation of Office Equipment		600
Loan from Carter at 8%		2000
Loan from MacNaughton at 8%		8000
Current Account—Carter	17000	
" " Jackson	12000	
" " MacNaughton	4800	
Accounts Payable		2600
Returns of Sales	800	
Allowances on Sales for Damaged Goods, etc.	1600	
Purchases	305000	
Returns of Purchases		900
Allowances of Purchases		300
Inward freight on Purchases	2100	
Merchandise Inventory at 1st July, 1922	20500	
Salesmen's Salaries	17000	
General Office Salaries	8800	
Selling Expenses	21000	
General Office Expenses	6048	
Sales		409467
	<u>\$513292</u>	<u>\$513292</u>

The merchandise inventory at the close of the period was valued at \$21000.

Interest was to be allowed on Capital at 5 per cent, and will be charged to an account for "Interest on Capital and Overdrawings."

Interest was to be charged on Overdrawings at 6 per cent per annum. For three months the Current Account of Jackson was overdrawn \$3000.

Reserve for Cash Discounts and Interest had to be raised to equal 1 per cent on the Accounts Receivable.

Reserve for Bad Debts had to be raised to equal $\frac{1}{2}$ per cent on the Accounts Receivable.

Reserve for Depreciation of Buildings was to be increased by 6 per cent per annum on the gross book value of the asset, and of Office Equipment by 12 per cent per annum, on the gross book value of the asset.

Carter and MacNaughton were not going to withdraw any more cash from the business and Jackson agreed that any credit balances on their Current Accounts at the end of the period were to be transferred to their Loan Account.

Salaries were credited to partners at the following rates per annum: Carter \$8000, Jackson \$5000, MacNaughton \$7000. Interest at 8 per cent on Carter's and MacNaughton's Loan Account was credited to their Current Account.

Profits were shared in the following proportions: Carter $\frac{1}{2}$, Jackson $\frac{1}{4}$, MacNaughton $\frac{1}{4}$.

S 74.

Messrs. Masefield, Gibbs, and Kincaid are in business as general traders. The Trial Balance of their Private Ledger at the close of the six months ended 31st December was as follows—

Accounts Receivable		\$78053	
Office Equipment (Cost)		5096	
Purchases		605024	
Returns of Sales		2405	
Allowances on Sales for Damaged Goods, etc.		3117	
Cash in hand and in Bank		28065	
Buildings (Cost)		32050	
Bills Payable			\$23800
Returns of Purchases			1545
Loan from Masefield at 8% per annum			6000
Loan from Kincaid at 8% per annum			7000
Discount: Sales		576	
Discount: Purchases			606
Capital: Masefield			64000
" Gibbs			40000
" Kincaid			36000
Carried Forward		\$754386	\$178951

Brought Forward	\$754386	\$178951
Land	41000	
Merchandise Inventory, 1st July, 1923	42046	
General Office Expenses	11156	
Salesmen's Salaries	32654	
Allowances on Purchases		425
Sales		811390
Reserve for Depreciation of Office Equipment		1215
Reserve for Bad Debts		96
Current Account: Masfield	35043	
" Gibbs	20054	
" Kincaid	10095	
Reserve for Depreciation of Buildings		8054
Selling Expenses	45042	
General Office Salaries	17812	
Accounts Payable		9157
	<u>\$1009288</u>	<u>\$1009288</u>

The merchandise inventory at the close of the period was valued at \$35,896.

The adjustments required by the following were still to be made—

(a) No entry had been made in the books for the interest due for the last six months on the loans of Masfield and Kincaid.

(b) Interest was to be allowed on Capitals at 5 per cent per annum, and was to be charged to an account for "Interest on Capitals and Overdrawings."

(c) Interest was to be charged on Overdrawings at 6 per cent per annum. For three months Gibbs had overdrawn his Current Account by \$2500

(d) Reserve for Depreciation of Buildings was to be increased by 6 per cent per annum, calculated on the cost of the asset.

(e) Reserve for Depreciation of Office Equipment was to be increased by 12 per cent per annum, calculated on the cost of the asset.

(f) Salaries were to be credited to the partners at the following rates per annum—

Masfield	\$20000
Gibbs	9000
Kincaid	12000

(g) A Reserve for Sales: Discounts had to be raised to equal 1 per cent on the Accounts Receivable.

(h) Reserve for Bad Debts had to be raised to equal $\frac{1}{2}$ per cent on the Accounts Receivable.

(*) After all the above adjustments had been made the remaining balance on Profit and Loss Account was to be shared in the following proportions—

Masefield	.	.	.	.	.	.	.	$\frac{1}{10}$
Gibbs	.	.	.	.	.	.	.	$\frac{1}{10}$
Kincaid	.	.	.	.	.	.	.	$\frac{1}{10}$

Masefield and Kincaid were not going to withdraw any more cash from the business, and Gibbs agreed that any balances on their Current Accounts at the end of the period were to be transferred to their Loan Accounts

*Group T.**Exercises Nos. 75-77.*

Special Features. Valuation of Goodwill.

Ascertainment of—

(a) Total Capitalization of a Partnership business, whether Owner's Capital, Loans, Invested Reserves, etc.

(b) Net Profits earned by Total Capitalization in carrying on regular operations of the business

Required. Working paper.

Instructions.

State the total Capitalization, exclusive of the investment in Goodwill, as shown by the Balance Sheet given.

Re-write the Profit and Loss Account, so as to show the figure that you would take as the net profit for that period. Your object is to find the profit-earning capacity of the Total Capitalization, for the purpose of valuing the Goodwill.

T 75.

A Corporation is thinking of taking over the business of Jones and Robinson, in partnership. You are instructed to examine the partnership accounts for five years in order to estimate what capital the Corporation will have to find in order to carry on this business, and to make the same profits. You are going to re-value the "Goodwill."

The partnership submit to you a number of statements which they have called "Profit and Loss Accounts" and "Balance Sheets." The earliest of these are as follows—

JONES & ROBINSON
PROFIT AND LOSS ACCOUNT

To Trade Commissions	\$320	By Gross Profit	\$46000
Salaries partners as Managers \$6000		Interest on Partners Drawings	350
Remainder of Staff	5000		
	<hr/>		
„ Rent and other Expenses	11000		
„ Audit Fee	5000		
„ Interest on Partners Capitals	300		
„ Bad Debts Reserve	5000		
„ Discounts	400		
„ Transfer to General Reserve	1600		
„ Depreciation on Furniture, etc.	3000		
„ Depreciation on Plant and Equipment	600		
„ Interest on Loan at 7%	6500		
„ Interest on General Reserve	1750		
„ Transfer to Jones, Current Account	1250		
„ Transfer to Robinson, Current Account	4815		
	<hr/>		
	\$46350		\$46350

BALANCE SHEET			
Cash in hand and Bank	\$2600	Notes Payable	\$5700
Trade Debtors less reserve for Bad Debts and Dis- counts	47500	Accounts Payable	54014
Merchandise	25000	Loan at 7%	25000
Plant and Equipment (Depreciated)	125700	Capital—	
Furniture, etc. (Depreciated)	5400	Jones	\$50000
Goodwill	10000	Robinson	50000
			<hr/>
		Current Account—	100000
		Jones	16
		Robinson	20
			<hr/>
		General Reserve with inter- est thereon	36 29250
			<hr/>
	\$214000		\$214000
	<hr/>		<hr/>

NOTE. (1) The Reserves for Bad Debts and Discounts are adequate, full depreciations have been written off, and all valuations are correct. (2) The loan at 7 per cent was raised by Jones & Robinson because they were short of funds with which to finance the business.

T 76.

A Corporation is thinking of taking over the business of a partnership, and instructs you to examine the partnership books for the last five years, with a view to finding out what capital they will have to find in order to carry on the same business, and to make the same profits. You are going to re-value the "Goodwill." The earliest "Profit and Loss Account" and "Balance Sheet" submitted to you are as follows—

JENKINS & THOMAS

PROFIT AND LOSS ACCOUNT

To Trade Commissions . . .	\$600	By Gross Profits . . .	\$88000
„ Salaries: Two partners as managers \$6000		„ Income from Invest- ments . . .	2000
„ Remainder of Staff 10000 . . .	16000	„ Interest on Partners Drawings . . .	600
„ Rent, etc.	10000		
„ Interest on Partners Capital	10000		
„ Interest on Loan at 8% . .	4000		
„ Depreciation on Furni- ture, etc.	2000		
„ Purchase of Investments . .	2000		
„ Depreciation on Plant and Equipment	10000		
„ Discount and Interest . . .	2000		
„ Bad Debts	900		
„ Transfer to General Re- serve	5000		
„ Audit Fee	600		
„ Interest on General Re- serve	2500		
„ Transfer to Jenkins, Current 12500 Thomas, Current 12500			
	<u>25000</u>		
	<u>\$90600</u>		<u>\$90600</u>

BALANCE SHEET

Cash in hand and Bank . . .	\$5000	Notes Payable . . .	\$30000
Trade Debtors . . .	95000	Reserve for Depreciation	
Merchandise . . .	50000	(Plant and Equipment) . .	10000
Plant and Equipment . . .	254000	Trade Creditors . . .	100000
Furniture, etc. (Depreciated) .	11000	Loan at 8% . . .	50000
Goodwill . . .	20000	Capital—	
Investments . . .	6000	Jenkins . . .	\$100000
Current Account, Thomas . .	500	Thomas . . .	100000
			200000
		Reserve for Discount . .	1000
		Current Account, Jenkins .	500
		General Reserve . . .	50000
			<u>441500</u>
	<u>\$441500</u>		<u>\$441500</u>

NOTE. (1) The Reserves for Bad Debts and Discounts are adequate, full depreciations have been written off, and all valuations are correct.

(2) The loan at 8 per cent was raised by Jenkins & Thomas because they were short of funds with which to finance the business.

(3) The Investments were not held to secure any business advantage for the concern.

T 77.

A Corporation are thinking of taking over the book-selling business of a partnership and instruct you to examine the partnership accounts for the last five years, with a view to finding out what capital they will have to find in order to carry on the same business and to earn the same profits. You are going to re-value the "Goodwill."

The partnership submit to you five sets of statements, which they call "Profit and Loss Account" and "Balance Sheet."

The earliest "Profit and Loss Account" and "Balance Sheet" submitted to you are as follows—

PROFIT AND LOSS ACCOUNT

To Trade Commissions	\$632	By Gross Profit	\$80293
„ Bank Charges	87	„ Interest on Partner's A/c temporarily overdrawn	125
„ Salaries of Partners as Managers	7000	„ Profit on speculative deal in K. shares	568
„ Interest on Capitals	10000	„ Recovered from Insurance Company in consequence of fire	4185
„ Rent, etc.	5245	„ Dividend on K. shares paid whilst held by A and B	1000
„ Depreciation of Equipment	600		
„ Transfer to General Reserve	5000		
„ General Expenses	4251		
„ Purchase of Shares in X.Y.Z.	5324		
„ Interest on Loan	4000		
„ Audit Fee	600		
„ Cash Discount & Interest	415		
„ Salaries of General Staff	10605		
„ Insurance Premiums on lives of partners	4500		
„ Bad Debts	852		
„ Interest on General Reserve	2500		
„ Transfer to A Current	10653		
„ Transfer to B Current	10653		
„ Total Cost of repairs and replacements necessary in consequence of fire	3254		
	<hr/>		<hr/>
	\$86171		\$86171

BALANCE SHEET

Cash in hand and in Bank	\$5482	Notes Payable	\$40385
Trade Debtors	164053	Trade Creditors	123168
Merchandise	154068	Loan at 8%	50000
Equipment (Depreciated Value)	50000	Capitals: A	100000
Goodwill	100000	B	100000
		Partners' Current A/cs.—	
		A	358
		B	192
		General Reserve with interest accrued	57500
		Reserve for Discounts	2000
	<u>\$473603</u>		<u>\$473603</u>

NOTE. (1) The Loan at 8 per cent was raised by A and B because they wanted additional funds with which to finance the business.

(2) Reserves for Bad Debts and Discounts are adequate, full depreciations have been written off, and all valuations are correct.

(3) The partners had taken out Insurance Policies on each others' lives. By agreement the premiums were payable out of the business.

(4) The X, Y, Z shares were divided equally between partners and held privately.

*Group U.**Exercises Nos. 78-83.*

Special Features. Revaluation of Assets of a Partnership,
Adjustments for Goodwill.
Admission of a new partner.

Required. General Journal
Private or General Journal.

Instructions.

Nos. 78-82. Show by means of Journal entries the adjustments called for in the accounts of the partnership, because of the transactions outlined.

Open the accounts as shown in the General Ledger, and write in the balances given.

Post from the Journal to the Ledger.

Prepare a final Balance Sheet.

No 83. Given with the problem.

U 78.

Allan and Brown are in partnership and share profits and losses equally. Their Balance Sheet on 30th June was as follows—

<i>Assets</i>		<i>Liabilities</i>	
Merchandise . . .	\$35000	Accounts Payable . . .	\$50000
Accounts Receivable . . .	61000	Bank overdraft . . .	15000
Furniture and Fixtures . . .	2500	Allan, Capital . . .	21000
Cash . . .	500	Brown, Capital . . .	16000
Investments . . .	3000		
	<u>\$102000</u>		<u>\$102000</u>

Connelly is to enter the firm. Preliminary thereto, Allan and Brown revise their Balance Sheet by writing off \$15000 for Bad Debts; \$500 from Furniture and Fixtures; 15 per cent from inventory; 25 per cent for Loss on Investments; and they establish a Goodwill of \$5000. Connelly pays enough to entitle him to a one-third interest in the adjusted net assets of the business, as they stand after his payment.

U 79.

On 31st December, the following Trial Balance was taken, after closing from the books of Dudley and Sealey—

<i>Assets</i>		<i>Liabilities</i>	
Cash . . .	\$460000	Accounts Payable . . .	\$800000
Accounts Receivable . . .	550000	Notes Payable . . .	490000
Notes Receivable . . .	75000	Dudley, Capital . . .	525000
Merchandise . . .	830000	Sealey, Capital . . .	450000
Real Estate . . .	350000		
	<u>\$2265000</u>		<u>\$2265000</u>

Profits and losses are shared equally by Dudley and Sealey.

On the date mentioned above, an agreement is made to admit Willard into the partnership; he is to invest in the business sufficient cash to give him a one-fifth interest in the adjusted net assets of the business as they stand after his payment. Inspection of the accounting records shows that of the accounts and notes receivable now carried on the books, \$30000 of Accounts Receivable and \$45000 of Notes Receivable are worthless. A physical inventory shows the value of goods on hand to be \$890000. The goodwill is valued at \$150000.

U 80.

On the 31st December, the following was the Balance Sheet of Hamilton and Braithwaite in partnership—

Cash in hand and in Bank .	\$126045	Accounts Payable .	\$972432
Accounts Receivable .	849062	Bills Payable .	824346
Bills Receivable .	89050	Hamilton, Capital .	840000
Merchandise .	424574	Braithwaite „ .	756000
Equipment .	224047		
Buildings .	980000		
Land .	700000		
	<u>\$3392778</u>		<u>\$3392778</u>

Hamilton and Braithwaite share profits equally.

On the 31st December an agreement is made to admit Egerton into partnership. Egerton is to invest in the business sufficient cash to give him a one-fifth interest in the adjusted net worth of the business, as it stands after his admission. Egerton is to have one-fifth of the net profits or losses.

An inspection of the books shows that of the Accounts Receivable \$88060, and of the Bills Receivable \$12000 are worthless. A physical inventory shows that the merchandise is really worth \$448574. It is also found that the Equipment is only worth \$104047, and that the Buildings are only worth \$800000. The Goodwill of Hamilton and Braithwaite is to be valued at \$180000.

Additional Instruction. State what difference it would make to the new partnership if a Reserve for Bad Debts was written up, as distinct from Bad Debts being written off, in the event of some of the supposed Bad Debts of the old partnership proving to be of value.

U 81.

The Balance Sheet of Tunstall, Dingman, and Straton is as follows at the 31st December—

Cash .	\$5600	Notes Payable .	\$4000
Accounts Receivable 22646		Accounts Payable .	8330
less Reserves for Bad Debts .		Capitals—	
3000		Tunstall .	20000
	19646	Dingman .	10000
Merchandise .	8342	Straton .	10000
Equipment .	6542		
Buildings .	6200		
Land .	6000		
	<u>\$52330</u>		<u>\$52330</u>

They share profits and losses in the following proportions—

Tunstall	.	.	.	.	.	.	.	$\frac{1}{4}$
Dingman	.	.	.	.	.	.	.	$\frac{1}{4}$
Straton	.	.	.	.	.	.	.	$\frac{1}{2}$

They are going to admit Guest as a partner, and he must pay in sufficient cash to give him one-third interest in the net assets of the business after his admittance.

They agree that before he is admitted the following adjustments must be made—

Reserve for Bad Debts to be increased	.	.	.	.	\$1000
Merchandise to be written down by	.	.	.	.	2000
Equipment to be written down by	.	.	.	.	1000
Goodwill to be brought into the books at a valuation of	.	.	.	.	8000

U 82.

The Balance Sheet of Gordon, Lockwood, and Dickinson is as follows at the 31st December—

<i>Cash</i>	.	.	\$4600	<i>Notes Payable</i>	.	.	\$6000
<i>Accounts Receivable</i>	20600			<i>Accounts Payable</i>	.	.	13700
less Reserve for Bad Debts		2000		<i>Capitals—</i>			
			18600	Gordon	.	.	30000
<i>Merchandise</i>	.	.	8000	Lockwood	.	.	10000
<i>Equipment</i>	.	.	6500	Dickinson	.	.	10000
<i>Buildings</i>	.	.	17000				
<i>Land</i>	.	.	15000				
			<u>\$69700</u>				<u>\$69700</u>

They share profits and losses in the following proportions—

Gordon	.	.	.	.	.	.	$\frac{2}{5}$
Lockwood	.	.	.	.	.	.	$\frac{1}{5}$
Dickinson	.	.	.	.	.	.	$\frac{2}{5}$

They agree to admit Sproule as a partner on the condition that he pays in sufficient cash to give him one-third interest in the net assets of the business after his admittance.

They agree that, before he is admitted, the following adjustments must be made—

Merchandise to be written up by	\$2000.
Equipment to be written down by	\$1500.
Reserve for Bad Debts to be increased by	\$1000.
Goodwill to be brought into the books at a valuation of	\$9000.

U 83.

Messrs. Simpson, Lamb, and Beatty are in business as general traders. The Trial Balance of their Ledger at the close of the six months ended 31st December was as follows—

Cash in hand and in Bank	\$26000	
Capital: Simpson		\$60000
" Lamb		40000
" Beatty		40000
Accounts Receivable	80000	
Bills Payable		21800
Discount and Interest	460	
Reserve for Bad Debts		112
Buildings	30000	
Land	40000	
Reserve for Depreciation of Buildings		8000
Office Equipment	4000	
Reserve for Depreciation of Office Equipment		1200
Loan from Simpson at 8%		5000
" Beatty at 8%		6000
Current Account Simpson	36000	
" Lamb	20000	
" Beatty	11000	
Accounts Payable		5672
Sales		812000
Returns of Sales	1400	
Allowances on Sales	3000	
Purchases	604000	
Returns of Purchases		1600
Allowances on Purchases		400
Merchandise Inventory, 1st July	42000	
Salesmen's Salaries	32000	
General Office Salaries	17800	
Selling Expenses	44000	
General Office Expenses	10124	
	<u>\$1001784</u>	<u>\$1001784</u>

The merchandise inventory at the close of the period was valued at \$36000.

The partners ask you to produce Trading and Profit and Loss Accounts, and Balance Sheet for them, as quickly as possible.

You are given the following information in addition to the above—

Interest is to be allowed on Capital at 5 per cent and will be charged to an account for "Interest on Capitals and Overdrawings."

Interest is to be charged on overdrawings at 6 per cent per annum. For four months the Current Account of Lamb was overdrawn \$2000.

A Reserve for Discounts must be raised to equal 1 per cent on the Accounts Receivable.

The Reserve for Bad Debts must be raised to equal $\frac{1}{2}$ per cent on the Accounts Receivable.

The Reserve for Depreciation of Buildings is to be increased by 6 per cent per annum on the gross book-value of the asset, and

The Reserve for Depreciation of Office Equipment by 12 per cent per annum on the gross book value of the asset.

Salaries are to be credited to the partners at the following rates per annum : Simpson \$20000, Lamb \$8000, Beatty \$12000.

Interest at 8 per cent on Simpson's and Beatty's Loan Accounts is credited to their Current Accounts.

Profits and Losses, after all the above adjustments have been made, are to be shared in the following proportions : Simpson $\frac{1}{2}$, Lamb $\frac{1}{4}$, Beatty $\frac{1}{4}$.

Simpson and Beatty are not going to withdraw any more cash from the business, and Lamb agrees that any balances on their Current Accounts at the end of the period are to be transferred to their Loan Accounts.

(a) The answer required will consist of the Trading Profit and Loss and other statements for the period to 31st December, and the Balance Sheet at 31st December, 1921.

Immediately after the preparation of the above statements, the three partners enter into a fresh agreement.

Goodwill is to be valued at \$80000 and written into the books.

Simpson's and Beatty's Loans are to be credited to their Capital Accounts.

Simpson is to bring in sufficient cash to make his capital equal \$120000. Beatty is to bring in sufficient to make his capital \$90000.

Profits and Losses are to be shared in the following proportions : Simpson $\frac{1}{3}$, Lamb $\frac{1}{3}$, Beatty $\frac{1}{3}$.

They admit Allan, who is to bring in sufficient cash that his Capital Account may equal one-third of the total of the three capitals already invested in the business.

After his admission, Profits and Losses are to be shared in the following ratio : Simpson $\frac{1}{4}$, Lamb $\frac{1}{4}$, Beatty $\frac{1}{4}$, Allan $\frac{1}{4}$.

After Allan's admission they decide to write the item Goodwill out of their books

(b) Show the Balance Sheet of the firm after this has been done, assuming that no other transactions have taken place.

Simpson, Lamb, and Beatty decided that Allan was to come in on terms which provided for his having one-fourth share of the Profits and Losses. If they had decided to write in the Goodwill and write it out again, before they changed the proportions in which they share Profits and Losses between themselves, what difference, if any, would it have made to their Capital Accounts?

(c) Would any have had an advantage? If so, give the amounts concerned.

NOTE. Take all the figures to the nearest dollar.

*Group V.**Exercises Nos. 84-85.*

Special Features. *Goodwill* : inequalities resulting from the writing-in of only a fraction of the value of Goodwill.

Required. General Journal.
Working Paper.

Instructions. Given with each problem

V 84.

A and B were in partnership with capitals as follows—

A	.	.	.	.	.	.	.	\$60000
B	.	.	.	.	.	.	.	48000

No Goodwill had been written into their books. They shared all Profits and Losses as follows—

A	.	.	.	.	.	.	.	$\frac{1}{3}$
B	.	.	.	.	.	.	.	$\frac{2}{3}$

They admitted C on the understanding that he paid in sufficient cash to give him one-third interest in the partnership assets exclusive of Goodwill. C did so. The Goodwill was valued at \$18000, and C also paid in cash for one-third of this, the \$6000 cash being credited to his capital account.

A and B set up in their books an amount for Goodwill equal to the amount paid in for it by C, viz. \$6000.

After C's admission, the three partners agreed to write out of the books the \$6000 of Goodwill.

A, B, and C shared Profits and Losses in the following ratio—

A	.	.	.	.	.	.	.	$\frac{1}{3}$
B	.	.	.	.	.	.	.	$\frac{1}{3}$
C	.	.	.	.	.	.	.	$\frac{1}{3}$

Will this method of treatment of the Goodwill inflict any hardships on any of the partners? If so, what are they, and what entries would you suggest to rectify them?

V 85.

The following is the Balance Sheet of Smith and Edwards at 31st December—

<i>Assets</i>		<i>Liabilities</i>	
Cash	\$7000	Accounts Payable	\$140000
Accounts Receivable	128000	Loan at 6% by Smith	
Merchandise	47000	secured by mortgage on	
Furniture and other Equip-		land and buildings	20000
ment	8000	Capital—	
Lands and Buildings	30000	Smith	\$40000
		Edwards	20000
			60000
	<u>\$220000</u>		<u>\$220000</u>

They share all Profits and Losses, Smith $\frac{2}{3}$ Edwards $\frac{1}{3}$. They agree to take Jones into partnership on the following terms—

- (a) Merchandise is to be revalued at \$45000.
- (b) Reserves are to be made on Accounts Receivable.

For Bad Debts	.	.	.	.	.	5%
For Discounts	.	.	.	.	.	2½%

(c) Furniture and other Equipment are to be written down 10 per cent.

(d) Land and Buildings are to be revalued at \$36400.

(e) Jones is to bring \$24000 cash into the business, of which \$4500 is for a fourth share in the Goodwill. All of this cash is to be left in the business.

Smith and Edwards make their entries for this by crediting their Capital Accounts with $\frac{2}{3}$ and $\frac{1}{3}$ respectively of this \$4500, which amount they debit to Goodwill. On the following 1st January, Jones pays in his \$24000 in cash, which they credit to his Capital Account. The loan to Smith is paid off.

All Profits and Losses are then shared as follows: Smith $\frac{2}{3}$, Edwards $\frac{1}{3}$, Jones $\frac{1}{4}$.

They agree to interest on neither capital nor drawings, but the latter to be limited.

After six months trading, the firm find themselves with a debit balance to Profit and Loss of \$18000, and the figures of the opening Balance Sheet altered as follows—

Accounts payable, increased by	.	.	.	.	\$11000
Cash reduced	.	.	.	.	10000
Merchandise reduced	.	.	.	.	2000
Accounts Receivable increased	.	.	.	.	1000
Smith : drawings in debit	.	.	.	.	2000
Edwards " " "	.	.	.	.	1000
Jones " " "	.	.	.	.	1000

They all have kept their drawings within the required limits. They decide to write off both this debit balance on Profit and Loss and \$4000 of the Goodwill against their Capitals, and to repay their drawings in cash. Smith and Edwards repay their amounts, but Jones cannot find his \$1000.

You are called in as accountant ; as such have you any adjustment to suggest for the figures in their Balance Sheet as at 1st January, just prior to Jones' admission ?

Assuming that all the partners have agreed to any adjustment you have suggested, (a) show your Journal entries for it in the books of Smith, Edwards, and Jones, and (b) prepare the Balance Sheet as at 30th June, accordingly.

*Group W.**Exercises Nos. 86-87.*

Special Features. Consolidation of two partnerships into one.

Required. General Journal.

Private or General Ledger.

Instructions.

Open a General Ledger for each of the original partnerships, writing into each the balances as given on its Balance Sheet.

Show by means of entries in the Journals of the two original partnerships the sale of each business and the closing of their books.

Post these entries to the Ledgers of the original partnerships.

Show by means of Journal entries the opening of the books of the new partnership.

Post these entries to the Ledger of the new partnership.

Show the Balance Sheet of the new firm after the consolidation and the adjustments, etc., are complete.

W 86.

Dane and Massey were in partnership together, sharing all Profits and Losses in the following ratio : Dane $\frac{3}{4}$, Massey $\frac{1}{4}$.

Their Balance Sheet as at 31st August was as follows—

Cash	\$2500	Accounts Payable	\$10000
Accounts Receivable	23000	Loan at 10%	7000
Merchandise	8000	Capital—	
Equipment	4000	Dane	20000
Buildings	5000	Massey	10000
Land	4500		
	<u>\$47000</u>		<u>\$47000</u>

Preston and Constable were also in partnership, sharing all Profits and Losses in the following ratio : Preston $\frac{4}{5}$, Constable $\frac{1}{5}$.

Their Balance Sheet as at 31st August was as follows—

Cash	\$1000	Accounts Payable	\$13000
Accounts Receivable	16000	Capital—	
Merchandise	6000	Preston	16000
Equipment	2000	Constable	4000
Buildings	4000		
Land	4000		
	<u>\$33000</u>		<u>\$33000</u>

They agree to consolidate their business on the 1st September.

All creditors, etc., agree to liabilities being transferred to the new firm.

(a) They agree to value the Goodwill of their concerns as follows, respectively—

Dane and Massey	\$6000
Preston and Constable	10000

(b) The following provisions and adjustments are to be made in the Balance Sheet of Dane and Massey—

Reserve for Bad Debts to be raised	\$1000
Reserve for Discounts to be raised	400
Merchandise to be written down by	2000
Equipment to be written down by	1000
Buildings to be raised by	500
Land to be raised by	1500

(c) Constable is to pay in cash until his Capital Account equals half of Preston's.

(d) Dane is to pay in cash until his Capital Account equals Preston's.

(e) Massey is to pay in cash until his Capital Account equals Constable's adjusted capital.

(f) The Loan at 10 per cent is to be paid off at once.

W 87.

Two partnership concerns, A, B & Co. and C, D & Co., are going to consolidate.

The Balance Sheet of A, B & Co. is as follows—

Cash	\$2500	Notes Payable	\$5000
Notes Receivable	1000	Accounts Payable	8000
Accounts Receivable	22000	Mortgage on Real Estate	4000
Merchandise	10000	<i>Capitals—</i>	
Furniture and Fittings	2500	A	\$18000
Delivery Equipment	1500	B	14000
Buildings	5500		<hr/> 32000
Land	4000		
	<hr/> \$49000		<hr/> \$49000

They share Profits and Losses in the ratio of A $\frac{3}{8}$, B $\frac{5}{8}$.

The Balance Sheet of C, D & Co. is as follows—

Cash	\$5000	Notes Payable	\$5000
Accounts Receivable	\$16000	Accounts Payable	7750
Less Reserve	1000	<i>Capital—</i>	
	<hr/> 15000	C	\$10000
Merchandise	8000	D	8000
Furniture and Fittings	2000		<hr/> 18000
Delivery Equipment	750		
	<hr/> \$30750		<hr/> \$30750

They share Profits and Losses in the ratio C $\frac{2}{3}$, D $\frac{1}{3}$.

They agree that the Goodwill of A, B & Co. is to be valued at \$10000, whilst that of C, D & Co. is to be valued at \$6000.

All creditors, etc., have agreed to the liabilities being transferred to the new firm.

The assets of C, D & Co. are to be taken over at their book valuation.

The assets of A, B & Co. are to be valued as follows—

Merchandise is to be valued at	\$9000
Delivery Equipment is to be valued at	1000
Buildings are to be valued at	5000

A Reserve for Bad Debts of \$2000 is to be raised in the books of A, B & Co.

After consolidation, A and B are each to have a three-tenth's interest in the new firm's Capital and Profits and Losses. C and D are each to have a two-tenth's interest in the new firm's Capital and Profits and Losses.

It is agreed that C's capital is to be taken as the basis for the capitalization of the new firm.

If need be, A, B and D must make a cash contribution or a cash withdrawal to bring this about.

*Group X.**Exercises Nos. 88-93.**Special Features.**Partnership : Sundries*

No. 88. Rights of Partners *inter se* : capital under-contributed.

No. 89. Rights of Partners *inter se* : Admission of a new partner ; defalcations of a partner.

No. 90. Sale of a Partnership Business to a Company. .

No. 91. Dissolution of a Partnership.

Payment of Liabilities.

No. 92. Dissolution of a Partnership.

Distribution of proceeds on a gradual realization of the assets.

No. 93. Joint Venture.

Required. Indicated with each problem.

Instructions. Given with each problem.

X 88.

A, B and C go into partnership. They agree that each is to contribute \$12000 of capital. They agree that if one or more under-contribute capital, he or they are to be charged interest at 6 per cent per annum on the sums short. They also agree that if one or more of the partners over-contribute in order to make up the deficiency, he or they are to receive 6 per cent per annum on the extra sums. B can only contribute \$10000, and C only \$8000.

A pays his \$12000 and an extra \$4000 towards the shortage.

At the close of the first six months, what Journal entries for interest charges are necessitated because of the above?

X 89.

The Trial Balance of the partnership of T. Smith and W. Robinson, wholesale merchants, at 31st December, is as follows—

Cash in hand	\$50	
Cash in Bank of Montreal	5000	
Office Equipment	2000	
Suspense account for accrued taxes		\$50
Reserve for Discounts		30
Reserve for Bad Debts		30
Trade Creditors : J. Armstrong		7300
" " P. Brown		600
" " M. Campbell		3500
Bill Payable : due on 25th January (P. Brown)		1000
Merchandise Inventory : Furniture	8000	
" " Carpets	6000	
" " Hardware	5000	
" " China	4000	
Trade Debtors : J. Jones	600	
" " W. Thomas	500	
" " T. Simpson	400	
Land	4000	
Buildings	8000	
Bill Receivable : J. Wilson, due 26th Jan.	600	
Suspense Account for accrued wages		50
Capital : T. Smith		20000
" W. Robinson		10000
Current Account : T. Smith		1090
" " W. Robinson		500
	<u>\$44150</u>	<u>\$44150</u>

They agree to admit S. Dawson into partnership, following being some provisions of the agreement—

(a) Goodwill is to be valued at \$6000, and is to be credited to

It was decided to prepare accounts for the month, making all adjustments as per agreement, and also the following—

Write off Depreciation on Buildings at 6 per cent per annum.

Write off Depreciation on Office Equipment at 3 per cent per annum.

Raise Reserve for Bad Debts to $2\frac{1}{2}$ per cent, and for Discounts to 2 per cent on Trade Debtors.

Inventories of merchandise at 31st January were found to be as follows—

Furniture	.	.	.	.	.	.	\$7000
Carpets	.	.	.	.	.	.	5600
Hardware	.	.	.	.	.	.	3800
China	.	.	.	.	.	.	5000

Smith and Robinson decided to write off the amount due from Dawson in the proportion of Smith $\frac{2}{3}$, Robinson $\frac{1}{3}$.

Prepare Trading and other Statements and final Balance Sheet for the period.

X 90.

Smith and Robinson continue trading, and their transactions for February are as follows—

- Feb. 1. They transferred the whole of any credits on their current accounts to the credit of their capital accounts.
2. Decided to keep petty cash on imprest system and bring petty cashier's balance up to \$50
3. Sold on credit to J. Jones—Furniture 2000
China 2000
Carpets 1000
4. Drew cash from Bank and paid wages 300
5. Sold on credit to W. Thomas—Furniture 1000
Carpets 2000
6. J. Jones paid his account by cheque 5990
being allowed discount 10
- Sold on credit to J. Woods, Hardware 1000
7. Sent hardware on consignment to J. Wilson, Edmonton, Cost 2000
8. Paid freight on consignment to J. Wilson (Edmonton) . . . 185
9. W. Thomas paid his account in full, being allowed 2% discount.
10. Drew cash from Bank and paid wages 300
Paid M. Campbell account in full.
Purchased from M. Campbell—Furniture 2500
China 2000
12. Gave M. Campbell Bill Payable (30 days) in settlement of his account.
30. Sold on credit to J. Jones—Furniture 3000
Carpets 2500
Hardware 1600
China 2000
- J. Jones gave Bill Receivable (30 days) for his account.

Feb. 14.	Purchased from J. Armstrong—Hardware	\$2000
	China	2500
15.	Discounted J. Jones' Bill Receivable with Bank of Montreal ; net proceeds	9055
16.	Purchased from J. Armstrong—Furniture	2000
	Carpets	1000
17.	Recouped Petty Cashier for Office Expenses paid by him	24
	Drew cash from Bank and paid wages	300
19.	Received a dividend from the estate of T. Simpson	15
20.	Purchased from M. Campbell—Carpets	3000
	Hardware	4000
21.	Sold on credit to W. Thomas—Carpets	1500
	Hardware	2000
	Furniture	1000
22.	Purchased from P. Brown—China	500
	Carpets	500
23.	J. Woods paid his account in full. Sold on credit to J. Woods—Hardware	1500
24.	J. Wilson, Edmonton, sent Account Sales for consignment of Hardware, showing gross proceeds	3800
	and his expenses and commission	275
	He forwards Bank Draft for the net proceeds. Drew cash from Bank and paid wages	300
26.	Sold J. Jones on credit—Furniture	2000
	Carpets	4000
	Hardware	1200
	China	1000
27.	Sold on credit to J. Woods, Hardware	2000
28.	Recouped petty cashier for office expenses paid by him	10
	Paid salaries and wages for month to bookkeeper, cashier, etc.	600
	Smith and Robinson drew cheques for private purposes— Smith	500
	Robinson	350

As before, cash and cheques as received were banked daily, and all payments other than those by petty cash were made by cheque.

During February they arranged to sell their concern to the S.R. Corporation, the latter Corporation taking over everything, including liabilities, as from 1st March inclusive.

Before doing so, Smith and Robinson close off their books at 28th February, and the following adjustments are made—

Depreciation on Buildings written off at 6 per cent per annum on figures as at last Balance Sheet.

Depreciation written off on Office Equipment at 3 per cent per annum on figures as at last Balance Sheet.

Partners credited with 6 per cent per annum on Capitals as at 1st February, 1921.

Partners credited with salaries : Smith \$500, Robinson \$400.

Reserve for Bad Debts raised to $2\frac{1}{2}$ per cent, and for Discounts to 2 per cent on Trade Debtors.

The inventories as at 28th February were as follows—

Furniture	\$5500
Carpets	1100
Hardware	4000
China	6000

Wages had accrued due, but had not been paid, amounting to \$150. They share Profits and Losses in the old ratio: Smith $\frac{2}{3}$, Robinson $\frac{1}{3}$.

Goodwill was revalued at \$4000.

The S.R. Corporation pay over the purchase price as follows on 1st March—

S.R. Ordinary Stock	\$5000
S.R. Preferred Stock	5000
S.R. 6% Bonds	5000

and the balance in cash.

Of this it is agreed that Smith shall take—

S.R. Ordinary Stock	\$2500
S.R. 8% Preferred Stock	2000
S.R. 6% Bonds	3500

and the balance in cash.

Robinson takes the remainder.

Make the necessary entries and close off the partnership books.

X 91.

The following is the Trial Balance of A, B and C, in partnership, as at 31st December.

Cash in hand and in Bank	\$546	
Accounts Receivable	22527	
Bills Receivable	4642	
Office Equipment	945	
Land	9000	
Buildings	8000	
Merchandise	6042	
Plant and Machinery	5068	
Accounts Payable		\$6135
Bills Payable		18145
Goodwill	20000	
Loan from Bank with interest accrued to date		6180
Profit and Loss	3180	
Loan from A at 8% per annum		8000
Loan from X at 8% per annum (unpaid purchase money for goodwill)		8000
Capital A		20000
" B		10000
" C		8000
Carried forward	\$79950	\$84460

Brought forward	\$79950	\$84460
Current Account A	2300	
" " B	1200	
" " C	1010	
	<u>\$84460</u>	<u>\$84460</u>

They share Profits and Losses, A $\frac{1}{3}$, B $\frac{1}{3}$, C $\frac{1}{3}$.

The last entry made for interest due to A and X on their loans was at 30th June.

The Bank Loan is secured by privately owned securities deposited by (A) \$8000, (B) \$4000, (C) \$3000.

They decide to dissolve the partnership and make the following Profits and Losses when collecting debts, selling assets, etc.—

Accounts Receivable :	bad debts amount to	\$7460
Office Equipment :	loss on sale	635
Land :	profit on sale	1544
Buildings :	loss on sale	5024
Merchandise :	loss on sale	3109
Plant and machinery :	loss on sale	4100
Goodwill :	total loss of	20000

(a) State the order in which you would settle the various liabilities of the firm, giving the figures to make clear exactly what you mean.

Show the partners' Current and Capital Accounts, together with any special account that you think ought to be opened in consequence of the dissolution.

(b) Prepare a Balance Sheet showing the position of the firm, after you have turned all assets into cash, paid off all liabilities, but made no adjustments to Capital and Current Accounts.

(c) Show by means of journal entries what further adjustments must be made as between the partners.

X 92.

A, B, and C were in partnership, and they shared Profits and Losses in the ratio 5 : 3 : 2

Their Balance Sheet at 30th June, in summarized form, was as follows—

Cash	\$5000	Sundry Liabilities	\$5000
Other Assets	25000	Capital—	
Profit and Loss	5000	A	\$10000
		B	10000
		C	10000
			<u>30000</u>
	<u>\$35000</u>		<u>\$35000</u>

They decided to dissolve partnership. Their "Other Assets" were of such a nature that they would take time to realize, and at any time the unrealized balance of these assets might have become a total loss. A was a doubtful character, of doubtful solvency.

If you had been in charge of the dissolution, and had had the following sums available on dates given for distribution among the partners, after deducting your own expenses, etc.—

31st August	\$5000
15th September	2500
31st October	2500
15th December	5000

show the proportions in which you would have divided these monies between the various partners on the dates they were available, and the Balance Sheet, as at 15th December, after the distribution of the \$5000 of that date.

X 93.

On 1st January, A and B agreed to be partners in a joint venture for the purpose of buying and selling portions of a cargo of dried fruit, salvage from the s.s. "Ebro." A was to manage the affair and supply cash \$1400. B was to supply cash \$1700, and Profits and Losses are to be divided between A and B in the ratio of $\frac{2}{3}$ and $\frac{1}{3}$. A special Bank Account was to be opened in their joint names.

After the above, the following transactions took place—

Jan. 8.	Purchased part of cargo from F. Daponta & Co.	\$1330
	Accepted F. Daponta's Note due one month for	1330
11.	Paid by cheque freight and various expenses for transportation of fruit to Montreal	285
Feb. 11.	Met Daponta's Note.	
20.	Sold part of cargo to T. Stephens & Sons	360
21.	T. Stephens settled his account by cheque, being allowed discount	7
26.	Purchased from F. Daponta & Co. another section of the cargo	1600
28.	Paid Daponta's account by cheque, being allowed discount.	32
Mar. 2.	Paid freight and expenses for transportation of dried fruits to Montreal	250
17.	Sold M. White & Co. portion of dried fruit	600
	M. White accepted note due one month	600

- April 20. Sold portion of dried fruit for cash \$2800
M. White & Co. met their note.
30. B took over the balance of the dried fruit as it lay in A's
warehouse for \$640 less 10%.
The venture terminated.
The Bank had credited their joint account with \$18 interest.

Show the above transactions, and close off the venture in A's books by means of Journal entries.

Write up the accounts concerned in A's Ledger.

*Group Y.**Exercises Nos. 94-106*

Special Features. Manufacturing Accounts and Statements : 94-102.

Manufacturing Accounts, etc., and Loss due to unexpected, heavy, and permanent drop in Inventory values : 103.

Manufacturing Accounts, etc., and Factory Closing-down Expenses : 104-106.

Required. General Ledger.
Ledger.

Instructions.

Open Ledger Accounts for all items in the Trial Balance, and write in the balances given.

Make the necessary adjustments and transfers through the General Journal, in order to write up Work-in-process, Trading, and other Accounts, including Partners' Current Accounts.

Prepare Manufacturing and other statements for the period, and Balance Sheet at its close.

NOTE. Bring all amounts to the nearest dollar where necessary.

Y 94.

Messrs. A. Mann and H. Jones carry on business in partnership as manufacturers. The following is a trial balance, taken from their books as at 31st December, after six months' manufacturing and trading—

Inventory of Raw Materials at 1st July	\$15000	
" " Work in Process " " 	3000	
" " Finished Goods " " 	10300	
Plant and Machinery	12500	
Reserve for Depreciation on Machinery, etc.		\$3000
Factory Buildings	15000	
Reserve for Depreciation on Factory Buildings		2000
Land	5700	
Purchases of Raw Material	105000	
Returns Outwards of Raw Material		4000
Cost of Direct Labour in Factory	20000	
Cost of Indirect Labour in Factory	4000	
Factory Power	2500	
General Factory Expenses	10000	
Sales of Finished Goods		190000
Returns Inwards of Finished Goods	200	
Allowances to Customers off Finished Goods	100	
Selling and Travelling Expenses	9100	
Expenses of Office and General Administration	12250	
Cash in Bank	25100	
Accounts Receivable	12050	
Accounts Payable		10000
W. Mann : Capital		40000
" Current	3300	
H. Jones : Capital		20000
" Current	2100	
	<u>\$269000</u>	<u>\$269000</u>

The Inventories, taken at 31st December, were valued as follows—

Raw Materials	\$13000
Work in Process	3500
Finished Goods	10000

Reserve for Depreciation on Machinery, etc., is to be raised at rate of 10 per cent per annum on debit to asset account, and for Depreciation on Buildings at rate of 5 per cent per annum.

The partners have agreed to interest on their Capitals at the rate of 6 per cent per annum.

Net Profits were to be divided between them equally.

Y 95.

Messrs. T. & J. Harrison carry on a business in partnership as manufacturers. The following was a Trial Balance taken from their books as at 31st December, after six months' manufacturing and trading—

Inventory of Raw Materials at 1st July	\$30000	
Inventory of Work in Process of manufacture at 1st July	6000	
Inventory of Finished Goods at 1st July	20600	
Plant and Machinery	25000	
Reserve for Depreciation on Machinery, etc.		\$6000
Factory Buildings	30000	
Reserve for Depreciation on Factory Buildings		4000
Land	15000	
Purchases of Raw Material	210000	
Returns Outwards of Raw Materials		8000
Cost of Direct Labour in Factory	40000	
Cost of Indirect Labour in Factory	8000	
Factory Power	5000	
General Factory Expenses	20000	
Sales of Finished Goods		380000
Returns Inwards of Finished Goods	400	
Allowance to Customers off charges for Finished Goods sold	200	
Selling and Travelling Expenses	18200	
Expenses of Office and General Administration	24500	
Cash in Bank	50200	
Accounts Receivable	24100	
Accounts Payable		20000
T. Harrison : Capital		80000
" Current Account	6600	
J. Harrison : Capital		40000
" Current Account	4200	
	<u>\$538000</u>	<u>\$538000</u>

The Inventories, taken at 31st December, were valued as follows—

Raw Materials	\$26000
Work in Process	7000
Finished Goods	20000

Reserve for Depreciation on Machinery etc., was to be increased at the rate of 10 per cent per annum on the debit to account Machinery, and the Reserve for Depreciation on Buildings at the rate of 5 per cent per annum on the debit to account Buildings.

The partners agreed to interest on their Capitals at the rate of 6 per cent per annum.

Net Profits were to be divided between them in the following ratio—

T. Harrison	Three-fifths.
J. Harrison	Two-fifths.

Y 96.

The following was the Trial Balance for the six months period ended 31st December, of C. Benson and W. Hodges, who were carrying on business in partnership as manufacturers and traders—

Equipment and Machinery	\$70000	
Reserve for Depreciation on Equipment and Machinery		\$7350
Factory Buildings	40000	
Reserve for Depreciation on Factory Buildings		4800
Cash in hand	85	
Cash in Bank	4654	
Land	27000	
Trade Debtors	175064	
Wages : Direct Labour	69059	
" Indirect Labour	25010	
Purchases of Raw Materials	251046	
Returns Outwards of Purchases of Raw Materials		2465
General Factory Expenses	20028	
Trade Creditors		69825
Bills Payable		48500
Factory Power	6345	
Inventory : Raw Materials as at 1st July	47046	
Inventory : Work in Process as at 1st July	11154	
Inventory : Finished Goods as at 1st July	27652	
Salary—Factory Manager	5500	
Returns Inwards of Sales	5065	
Sales (all Credit)		442750
General Repairs (Factory Buildings)	1923	
Fire Insurance for Factory (six months to 31st Dec.)	428	
Discounts and Interest	5460	
Reserve for Bad Debts		520
Expenses of Selling Department	5204	
Salesmen's Salaries	7204	
General Administrative Office Expenses	7654	
Salaries for General Office	12089	
Travellers' Expenses	2046	
Travellers' Salaries	5064	
C. Benson : Capital		140000
W. Hodges : Capital		120000
C. Benson : Current Account	2450	
W. Hodges : Current Account	1980	
	<u>\$836210</u>	<u>\$836210</u>

The inventories at 31st December were valued as follows—

Raw Materials	\$38045
Work in Process	12636
Finished Goods	28660

Depreciation Reserves were to be increased for the six months by the following percentages, based on the debits to the accounts for—

Equipment and Machinery	10% per annum.
Factory Buildings	5% " "

Bad Debts Reserve was to be increased until it equalled 1 per cent on the Trade Debtors as at 31st December.

A Reserve for Discounts was to be raised equal to 2 per cent on the trade debtors as at 31st December.

Under the partnership Agreement, the following two items were to be charged to Profit or Loss before finding the balance for division between the partners—

(1) Salary : C. Benson, \$5500 per annum, for General Administration.

(2) Salary : W. Hodges, \$4500 per annum, of which \$500 was for General Administration and \$4000 for managing Sales Department.

Interest on Capital at 8 per cent per annum was to be paid out of net profits earned. If the profits did not equal this interest, then the profits were to be distributed proportionately to the amounts of interest due.

No question of Interest on Overdrawings had arisen.

The balance of net Profits or Losses was divisible equally between the two partners.

Y 97.

The following was the Trial Balance for the six months period ended 31st December, of M. Cook and D. Wilson, who were carrying on business in partnership as manufacturers and traders—

Cash in hand	\$107	
Cash in Bank	27804	
Trade Debtors	140062	
Inventory : Raw Materials as at 1st July	46032	
Inventory : Work in Process as at 1st July	10064	
Inventory : Finished Goods, as at 1st July	25043	
Reserve for Depreciation on Machinery, etc.		\$11300
Plant and Machinery	64000	
Factory Buildings	45000	
Reserve for Depreciation on Factory Buildings		8500
Carried forward.	\$358112	\$19800

Brought forward	\$358112	\$19800
Land	26000	
Trade Creditors		67840
Bills Payable		46000
Purchases of Raw Materials	236000	
Returns Outwards of Purchases of Raw Materials		2000
Returns Inwards of Sales	4060	
Wages : Direct Labour	67065	
" Indirect Labour	23069	
General Factory Expenses	18042	
Factory Power	4254	
Salary—Factory Manager	6500	
Fire Insurance for Factory (six months to close of period)	300	
General Repairs : Factory Buildings	800	
Sales (all Credit)		396443
Expenses of Selling Department	5406	
Salesmen's Salaries	6265	
General Administrative Office Expenses	8046	
Travellers' Expenses and Salaries	4064	
Salaries for General Office	10054	
Discounts	1046	
M. Cook : Capital		150000
D. Wilson : Capital		100000
M. Cook : Current Account	2000	
D. Wilson : Current Account	1500	
Bad Debts Reserve		500
	<u>\$782583</u>	<u>\$782583</u>

The inventories at 31st December, were valued as follows—

Raw Materials	\$41065
Work in Process	11065
Finished Goods	32064

Depreciation Reserves were to be increased for the six months by the following percentages, based on the debits to the accounts for—

Machinery, etc.	10% per annum.
Factory Buildings	5% " "

Bad Debts Reserve was to be increased by an amount equal to 2 per cent on the net Credit Sales.

A Discount Reserve, equal to 1 per cent on the net Credit Sales, was to be raised.

Under the Partnership Agreement, the following three items were to be charged before finding the balance for division between the partners—

(1) Salary : M. Cook, \$6000 per annum, for General Administration.

(2) Salary : D. Wilson, \$5000 per annum, of which \$1000 was

for work on General Administration, and \$4000 for managing Selling Department.

(3) Interest on Capital 8 per cent per annum.

No question of Interest on Overdrawings had arisen.

Profits and Losses were divisible equally between the two partners.

Y 98.

The following was the Trial Balance for the six months period ended 31st December, of J. Hepburn and W. Briggs, who were carrying on business in partnership as manufacturers and traders—

Cash in hand	\$125	
Cash in Bank of Montreal	28941	
Trade Debtors	190625	
Inventory : Raw Materials as at 1st July	47055	
Inventory : Work in Process as at 1st July	12146	
Inventory : Finished Goods as at 1st July	26654	
Reserve for Depreciation on Machinery		\$12500
Machinery, etc.	65000	
Factory Buildings	40000	
Reserve for Depreciation on Factory Buildings		8800
Land	28000	
Trade Creditors		65625
Bills Payable		45049
Purchases of Raw Materials	226059	
Returns Outwards of Purchases of Raw Materials		3167
Returns Inwards of Sales	4825	
Factory Wages : Direct Labour	65054	
" " Indirect Labour	22054	
General Factory Expenses	17058	
Factory Power	4564	
Factory Manager's Salary	6500	
Fire Insurance for Factory (six months to 31st Dec.)	350	
Various Charges paid in Advance	187	
General Repairs : Factory Buildings	875	
Sales (all Credit)		447534
Expenses of Selling Department	5924	
Salesmen's Salaries, etc.	6106	
General Administrative Office Expenses	7564	
Travellers' Salaries, Expenses, etc.	4124	
General Administrative Office Salaries	9028	
Discounts	1624	
Reserve for Discounts		2000
J. Hepburn : Capital		160000
W. Briggs : Capital		90000
J. Hepburn : Current	4000	
W. Briggs : Current	3000	
Bad Debts made during period	1200	
Bad Debts Reserve		1504
Bills Receivable	7537	
	<u>\$836179</u>	<u>\$836179</u>

The inventories at 31st December were valued as follows—

Raw Materials	\$42014
Work in Process	12167
Finished Goods	33465

Depreciation Reserves were to be increased for the six months by the following percentages based on the debits to their accounts—

Machinery, etc.	10% per annum.
Factory Buildings	5% " "

Bad Debts Reserve is to be increased by an amount equal to $\frac{1}{2}$ per cent on the net Credit Sales.

Reserve for Discounts is to be brought into the Balance Sheet at a figure which equals 1 per cent on the trade debtors.

Under the Partnership Agreement, the following three items were to be charged before finding the balance for division between the partners—

(1) Salary: J. Hepburn, \$6000 per annum. Charge $\frac{3}{4}$ to Factory, $\frac{1}{4}$ to General Administration.

(2) Salary: W. Briggs, \$5000 per annum. Charge $\frac{3}{4}$ to the Selling Department and $\frac{1}{4}$ to General Administration.

(3) Interest on Capital, 10 per cent per annum.

No question of Interest on Overdrawings had arisen.

The Balance of Profit and Loss Appropriation was divisible between the partners in the following proportions—

J. Hepburn	Two-thirds.
W. Briggs	One-third.

Y 99.

John and William Jones were in partnership as manufacturers. A Trial Balance taken from their books for the six months ended 31st December is as follows—

Cash in Office	\$20
Cash in Bank	4230
Accounts Receivable	17000
Bills Receivable	3800
Inventories at 1st July—	
Raw Materials	70000
Work in Process	5000
Finished Goods	20000
Machinery and Equipment	40000
Factory Buildings	32000
Carried forward	<u>\$192050</u>

Brought forward	\$192050	
Goodwill	50000	
Purchases—Raw Material (including inward freight)	205000	
Factory Wages—Direct	15000	
" Indirect	7000	
Factory Expenses	9000	
Salary—Factory Superintendent	5000	
Office and Management Expenses	4000	
Returns Outwards—Raw Materials		\$5000
Office Equipment	2000	
Salaries—Management	7000	
Salesmen's Commissions	14000	
Discount and Interest	1500	
Power—Factory	4000	
Insurance—Factory Buildings, Equipment, etc.	500	
Reserve for Depreciation on Office Equipment		200
Insurance—Office Equipment	30	
Repairs to Factory Buildings	285	
Sundry Factory Supplies	1295	
Accounts Payable		6000
Bank Overdraft		22000
Profit and Loss appropriation, Balance from 30th June		5050
Reserve—Depreciation on Machinery and Equipment		6200
" " " Factory Buildings		3200
" Bad Debts		2300
John Jones : Capital		40000
W. Jones : Capital		50000
John Jones : Current	2000	
W. Jones : Current	2200	
Sales		369310
Returns Inwards	500	
Allowances to Customers on Damaged Goods	200	
Discounts Received		4000
Loan at 8% (Interest paid on 30th June)		10000
Rent of Office	700	
	<u>\$523260</u>	<u>\$523260</u>

After inquiry into the books, etc., you find that—

Bad Debts made equal \$1800.

Partners agree to 6 per cent per annum interest on capital.

That they share Profits equally, and have decided to carry forward no balance on Profit and Loss appropriation.

Reserves for Depreciation are to be increased at the following rates per annum: For Plant by 10 per cent, for Factory Buildings by 5 per cent, and for Office Equipment by 5 per cent on debit to accounts.

Bad Debts Reserve is to be increased by a figure based on 1 per cent of Net Sales.

Insurance on Factory Buildings, and Factory and Office Equipment represents twelve months, of which six are still to run.

The inventories at the close of the period are—

Raw Materials	\$36000
Work in Process	2500
Finished Goods	1500
	<u>\$40000</u>

Factory Wages were due but not paid at 31st December, as follows—

Direct	\$120
Indirect	70
	<u>\$190</u>

Y 100.

Messrs. Cosgrave, Johnson, and Milne are in business as manufacturers and traders. Their Trial Balance at the close of the six months ended 31st December was as follows—

Factory Machinery, etc.	\$26000	
Factory Buildings	30000	
Factory Land	20000	
Reserve for Depreciation on Factory Machinery, etc.		\$8000
Reserve for Depreciation on Factory Buildings		7000
Cash in hand and in Bank	12000	
Capital: Cosgrave		50000
Johnson		30000
Milne		30000
Accounts Receivable	42000	
Bills Payable		12800
Reserve for Discounts		1085
Discounts and Interest	996	
Reserve for Bad Debts		540
Bad Debts written off during period	648	
Office Buildings	20000	
Land (Office)	18000	
Reserve for Depreciation of Office Buildings		5000
Office Equipment	3000	
Reserve for Depreciation of Office Equipment		600
Loan from Cosgrave at 8%		2000
Loan from Milne at 8%		8000
Current Account—Cosgrave	17000	
Johnson	12000	
Milne.	4800	
Returns of Sales		800
Allowances on Sales for Damaged Goods, etc.	1600	
Returns on Purchases of Raw Material		900
Allowances on Purchases of Raw Material		300
Inward Freight on Purchases of Raw Material	2100	
	<u>\$210944</u>	<u>\$156225</u>
Carried forward		

Brought forward	\$210944	\$156225
Merchandise Inventories at 1st July—		
" Raw Material	32000	
" Work-in-Process	7000	
" Finished Goods	20500	
Salesmen's Salaries	17000	
General Office Salaries	8800	
Selling Expenses	21000	
General Office Expenses	6048	
Accounts Payable		\$3600
Purchases of Raw Material	206000	
Direct Labour	65800	
Indirect Labour	9000	
Factory Power	6000	
Factory Expenses	22000	
Rent of Salesrooms	2200	
Sales		474467
	<u>\$634292</u>	<u>\$634292</u>

The inventories at the close of the period were valued as follows—

Raw Material	\$34000
Work-in-Process	12840
Finished Goods	21000

Reserve for Discounts must be raised to equal 1 per cent on the Accounts Receivable.

Reserve for Bad Debts must be raised to equal $\frac{1}{2}$ per cent on the Accounts Receivable.

Reserves for Depreciations are to be increased at the following rates per annum—

Factory Buildings	6%
Office	5%
Factory Machinery, etc.	8%
Office Equipment	12%

These percentages are to be based on the debits to the accounts of the assets.

Interest on Capital is to be allowed at 5 per cent.

Interest is to be charged on Overdrawings at 6 per cent per annum. For four months the Current Account of Johnson was overdrawn \$4000.

Salaries are to be credited to partners at the following rates per annum: Cosgrave \$8000, Johnson \$5000, Milne \$7000.

Interest is credited to Cosgrave and Milne half-yearly. The last entry was on the 30th June.

Profits and Losses are shared in the following proportions: Cosgrave $\frac{1}{3}$, Johnson $\frac{1}{3}$, Milne $\frac{1}{3}$.

Y 101.

The following was the Trial Balance for the six months period ended 31st December, of J. Reid and H. White, who are carrying on business in partnership as manufacturers and traders—

Cash in hand	\$89	
Cash in Bank	12834	
Trade Debtors	170634	
Inventory : Raw Materials as at 1st July	36054	
" Work-in-Process as at 1st July	18075	
" Finished Goods as at 1st July	43146	
Reserve for Depreciation on Machinery, etc.		\$5000
Machinery, etc. (cost)	55000	
Reserve for Depreciation on Factory Buildings		3500
Factory Buildings (cost)	46000	
Land	24000	
Bills Payable		42000
Purchases of Raw Materials	247000	
General Expenses : Selling Department	1100	
" " General Office	1070	
Returns Outwards of Purchases of Raw Materials		1765
Returns : Inwards of Sales	3147	
Inward Freight, etc., on Raw Materials	18345	
Duty on Raw Materials	6375	
Factory Power	5674	
Factory Light and Heat	1235	
Factory Wages : Direct Labour	67006	
" " Indirect Labour	28165	
General Expenses of Factory	7245	
Factory Insurance	943	
Repairs to Factory Buildings	824	
Repairs to Factory Machinery	1568	
Insurance : General Office	425	
" Selling Department	1235	
Cash Sales		1538
Credit Sales		457065
Bad Debts written off	1275	
Bad Debts Reserve		1054
Discounts	2865	
Discounts Reserve		3154
Expenses of Packing and Shipping	3164	
Outward Freight on goods delivered outside Montreal	4163	
Factory Taxes	3725	
Selling Department : Taxes	2324	
General Office : Taxes	3951	
Storage Charges for Finished Goods	1564	
Rent : Selling Department and Warehouse	2540	
Outward Freight on goods delivered within Montreal	1275	
Advertising	2875	
Printing and Stationery : Selling Department	534	
Printing and Stationery : General Office	428	
Rent : General Office	1280	
Salesmen's Commissions and Salaries	4260	
Travellers' Commissions and Expenses	5645	
Carried forward	\$839057	\$515076

Brought forward	\$839057	\$515076
Loan from W. Nicholson at 10%		20000
Office Equipment (cost)	5956	
Reserve for Depreciation Office Equipment		1204
Equipment of Selling Department	4684	
Reserve for Depreciation Equipment of Selling Dept.		985
Light and Heat : Selling Department	598	
General Office	854	
Trade Creditors		85643
Factory Tools	3855	
Bills Receivable	32058	
Allowances on Purchases : Raw Materials		844
Allowances on Sales	754	
J. Reid : Current Account	7542	
H. White : Current Account	6557	
Sample Expense	827	
Goodwill, Patent Rights, etc.	30854	
Salaries : General Office	10156	
J. Reid : Capital		200000
H. White : Capital		120000
	<u>\$943752</u>	<u>\$943752</u>

The adjustments required by the following are still to be made in the books—

(a) Interest on W. Nicholson's loan has not been paid for the six months ended 31st December.

(b) Interest is to be allowed on capitals at 5 per cent per annum.

(c) The partnership makes in its selling prices quoted for goods delivered outside Montreal an extra charge to cover the cost of such delivery.

For goods delivered within Montreal no extra charge is made, whether goods are delivered ex-warehouse or to the buyer.

(d) The valuations of inventories at the 31st December are as follows—

Finished Goods	\$40156
Raw Materials	40168
Work-in-Process	20254
Factory Tools	2500

(e) Goodwill, Patent Rights, etc., are to be reduced by \$350, to provide for expiry of patent rights.

(f) Reserves for Depreciation are to be increased by the following rates per annum, calculated on the cost of the assets concerned—

Factory Building	10%
Machinery, etc.	12%
Office Equipment	5%
Equipment of Selling Department	5%

(g) The Balance Sheet figure for Bad Debts Reserve is to equal 1 per cent of the trade debtors.

(h) A sum equal to 1 per cent on the Credit Sales is to be transferred to the credit of Discounts Reserve.

(j) Salaries are to be credited to the partners at the following rates per annum, and charged as stated—

J. Reid, \$10000. Charge $\frac{4}{5}$ to Selling Department and $\frac{1}{5}$ to General Administration.

H. White, \$8000. Charge $\frac{3}{4}$ as Factory Manager and $\frac{1}{4}$ to General Administration.

(k) The following amounts had accrued but had not been paid at 31st December—

Factory Wages : Direct	.	.	.	\$259
" Indirect	.	.	.	168

(l) The following amounts of the charges for Insurance had not expired at 31st December—

Insurance : Factory	.	.	.	\$122
" Selling Department	.	.	.	282
" General Office	.	.	.	95

After all the above adjustments have been made, the remaining balance on Profit and Loss Appropriation Account is to be shared in the following proportions—

J. Reid	.	.	.	.	.	.	$\frac{4}{5}$
H. White	.	.	.	.	.	.	$\frac{1}{5}$

Y 102.

Messrs. J. and W. Robertson are in business as general manufacturers and traders. The Trial Balance of their Private Ledger at the close of the six months ended 31st December was as follows—

Inventory : Finished Goods : 1st July	.	.	.	\$3684	
" Raw Materials	.	.	.	9406	
" Work-in-Process	.	.	.	3104	
Sales	.	.	.		\$290442
Discount and Interest	.	.	.	1643	
Purchases of Raw Materials	.	.	.	63014	
Loan from S. Gibson at 8%	.	.	.		10000
Direct Wages	.	.	.	90104	
Loan from J. Robertson at 9%	.	.	.		12000
Indirect Wages	.	.	.	20314	
Rent of General Offices	.	.	.	4000	
Carried forward	.	.	.	\$195269	\$312442

Brought forward	\$195269	\$312442
Rent of Selling Department	4700	
Factory Buildings (cost)	45000	
Reserve for Depreciation of Factory Buildings		18000
Factory Machinery, etc. (cost)	56000	
Reserve for Depreciation of Factory Machinery, etc.		21000
Office Equipment	4654	
Equipment Selling Department	2154	
Reserve for Depreciation of Equipment of Office and Selling Department		1600
Factory Power	4164	
Factory Light and Heat	3564	
Light and Heat : Selling Department	443	
" " " General Office	748	
Factory Buildings : Repairs	895	
Notes Payable		20645
Accounts Payable		46045
Expenses of Packing and Shipping	2154	
General Factory Expenses	3285	
Factory Insurance	1056	
Insurance : General Office	324	
" " Selling Department	645	
Factory Tools	2785	
Salesmen's Salaries	8467	
" " Commissions	7425	
Notes Receivable	37046	
Land	50000	
Bad Debts written off	4824	
Travellers' Expenses	5246	
" " Commissions and Salaries	7645	
Reserve for Bad Debts		3120
" " for Discounts		2080
Accounts Receivable	102028	
Cash in hand	564	
Cash in Bank	27465	
Allowances on Purchases of Raw Materials		243
Returns of Purchases of Raw Materials		842
Local Freight and Cartage	727	
Stable Expenses	2753	
Delivery Equipment and Horses	8500	
Returns of Sales	1246	
Allowances on Sales for Damaged Goods, etc.	847	
J. Robertson : Current Account	6435	
W. Robertson : Current Account	5429	
Advertising	1400	
Inward Freight on Purchases of Raw Materials	5452	
Duty on Purchases of Raw Materials	2645	
Outward Freight on Sales delivered outside Montreal	6954	
Goodwill, etc.	30000	
Stationery and Printing	1076	
General Office Salaries	9005	
J. Robertson : Capital		135000
W. Robertson : Capital		100000
	<u>\$661017</u>	<u>\$661017</u>

The adjustments required by the following are still to be made in the books—

(a)

Inventory of Finished Goods at 31st Dec.	.	.	.	\$16345
" Raw Materials	"	.	.	8076
" Work-in-Process	"	.	.	1204
" Factory Tools	"	.	.	2200
" Delivery Equipment and Horses	.	.	.	7550

(b) Interest on Loans from S. Gibson and J. Robertson has not been paid or credited to them for the six months ended 31st December.

(c) Interest is to be allowed on Capitals at 5 per cent per annum, and is to be charged to an account for "Interest on Capitals and Overdrawings."

(d) Reserves for Depreciation are to be increased by the following rates per annum, calculated on the cost of the assets concerned—

Factory Buildings	.	.	.	10%
Factory Machinery, etc.	.	.	.	12%
Office Equipment	.	.	.	5%
Equipment of Selling Department	.	.	.	5%

(e) The final figure for Reserve for Bad Debts is to equal $1\frac{1}{2}$ per cent of the Accounts Receivable and for Discounts 1 per cent of the Accounts Receivable.

(f) Local Freight and Cartage is to be charged with Stable Expenses and also with the amount written off delivery Equipment and Horses.

It is estimated that 60 per cent of the total of this Local Freight, etc., was incurred in running the factory. The remainder was for delivery of manufactured goods within Montreal. The concern makes in its selling price an extra charge for delivery of its goods outside Montreal, but no extra charge for delivery within the city limits.

(g) Salaries are to be credited to the partners' Current Accounts at the following rates per annum, and charged as follows—

J. Robertson, \$6000. Charged $\frac{2}{3}$ to Selling Department, and $\frac{1}{3}$ to General Administration.

W. Robertson, \$4500. Charged $\frac{2}{3}$ as Factory Manager and $\frac{1}{3}$ to General Administration.

(h) Interest is to be charged on Overdrawings at 6 per cent per

annum. For three months during the period, J. Robertson had overdrawn his Current Account by \$2000.

(j) Of the Stationery and Printing, \$125 was for forms and books used in the salesrooms, and \$72 for forms and books used in the factory. The remainder has been consumed.

(k) The following had accrued but not been paid at 31st December, and had not been brought into the books—

Wages : Direct	\$453
" Indirect	115
General Factory Expenses	57

(l) The following amounts of the charges for insurance had not expired at 31st December—

Factory Insurance	\$250
Insurance : General Office	40
" Selling Department	102

(m) After all of the above adjustments have been made, the remaining balance on Profit and Loss Appropriation Account is to be shared in the following proportions—

J. Robertson, $\frac{2}{3}$. W. Robertson, $\frac{1}{3}$.

Y 103.

The following was the Trial Balance of C. Mathieson and W. Dunn, carrying on business as manufacturers and traders, for the six months ended 31st December—

Cash in hand	\$100	
Cash in Bank	28000	
Trade Debtors	140000	
Inventory of Raw Materials as at 1st July	46000	
Inventory of Work-in-Process as at 1st July	10000	
Inventory of Finished Goods as at 1st July	25000	
Reserve for Depreciation on Machinery		\$11000
Machinery	60000	
Factory Buildings	45000	
Land	27000	
Trade Creditors		68600
Bills Payable		46000
Purchases of Raw Materials	240000	
Inward Freight on Raw Materials	12000	
Duty of Raw Materials	20000	
Returns Outwards of Purchases of Raw Materials		1000
Wages : Direct Labour	68000	
Indirect Labour	21000	
General Factory Expenses	18000	
Factory Power	7000	
Carried forward	\$767100	\$126600

Brought forward	\$767100	\$126600
Salary : Factory Manager	6500	
Fire Insurance for Factory	600	
General Repairs, Factory Buildings	800	
Returns of Sales	4000	
Sales (all credit)		396000
Expenses of Selling Department	5500	
Salesmen's Salaries	6200	
General Administrative Office Expenses	8000	
Travellers' Expenses and Salaries	4000	
Salaries : General Administrative Office	10000	
Bad Debts written off	800	
Bad Debts Reserve		1000
Discounts	900	
Discounts Reserve		800
C. W. Mathieson : Capital		150000
W. Dunn : Capital		100000
C. Mathieson : Current	3000	
W. Dunn : Current	2000	
Reserve for Depreciation on Factory Buildings		5000
H. Jamieson : Loan at 8%		40000
	<u>\$819400</u>	<u>\$819400</u>

(a) The inventories at 31st December were valued at current market price, as follows—

Raw Materials	\$40000
Work-in-Process	11000
Finished Goods	32000

The values of these inventories at cost were as follows—

Raw Materials	\$70000
Work-in-Process	15000
Finished Goods	46000

On 28th December, an unexpected and permanent drop had taken place in the markets in which they bought and sold.

(b) Reserves for Depreciation were to be increased for the six months by the following percentages based on the debits to the asset accounts—

Machinery	10% per annum.
Factory Buildings	5% " "

(c) Bad Debts Reserve was to be increased by an amount equal to $\frac{1}{2}$ per cent on the net Credit Sales.

(d) Discount Reserve was to stand in the Balance Sheet at a figure equal to 1 per cent on the Trade Debtors.

(e) Of the Factory Insurance, \$100 was unexpired.

Brought forward	\$818700	\$67000
General Repairs, Factory Buildings	600	
Closing down Expenses of Factory (one month)	300	
Returns of Sales	2500	
Expenses of Selling Department	3000	
Salesmen's Salaries	6000	
General Administrative Office Expenses	8000	
Travellers' Expenses and Salaries	5500	
Salaries: General Administrative Office	9000	
Bad Debts written off	800	
Sales (all credit)		511600
Bad Debts Reserve		900
Cash Discounts	900	
Cash Discounts Reserve		800
J. Maclean: Capital		150000
G. Sudbury: Capital		100000
J. Maclean: Current	3000	
G. Sudbury: Current	3000	
Reserve for Depreciation on Factory Buildings		6000
H. MacKay: Loan at 8%		25000
	<u>\$861300</u>	<u>\$861300</u>

NOTE. The Closing-down Expenses of Factory Account included the following items—

Caretaker's Wages	\$150
Expenses covering up Machinery, etc., and uncovering and cleaning at close	120
Small Stores and Expenses	30
	<u>\$300</u>

Entries necessitated by the following had still to be made—

(a) The inventories at 31st December were as follows—

Raw Materials	\$35000
Work-in-Process	18000
Finished Goods	38000

(b) Reserves for Depreciation were to be increased for the six months by the following percentages, calculated on the cost of the assets—

Machinery—12% per annum.
 Factory Buildings—6% per annum.
 Each month can be taken as one-twelfth of the year.

(c) Bad Debts Reserve was to be increased by an amount equal to $\frac{1}{2}$ per cent on the net Credit Sales.

(d) Cash Discount Reserve was to stand in the Balance Sheet at a figure equal to 1 per cent on the Trade Debtors.

(e) Of the Factory Insurance, \$140 was unexpired at 31st December, 1926.

Brought forward	\$836800	\$82500
General Repairs, Factory Buildings	500	
Closing down Expenses of Factory (one month)	350	
Returns of Sales	3500	
Expenses of Selling Department	4000	
Salesmen's Salaries	7000	
General Administrative Office Expenses	9000	
Travellers' Expenses and Salaries	6500	
Salaries: General Administrative Office	10000	
Bad Debts written off	900	
Sales (all credits)		515650
Bad Debts Reserve		800
Cash Discounts	1000	
Cash Discounts Reserve		800
F. Johnson: Capital		130000
R. Carswell: Capital		120000
F. Johnson: Current	4200	
R. Carswell: Current	4000	
Reserve for Depreciation on Factory Buildings		8000
Loan at 8% (L. Thornton)		30000
	<u>\$887750</u>	<u>\$887750</u>

NOTE. The Closing-down Expenses of Factory Account included the following items—

Caretaker's Wages	\$180
Expenses covering up Machinery, etc., and uncovering and cleaning at close	140
Small Stores and Expenses	30
	<u>\$350</u>

Entries necessitated by the following had still to be made—

(a) The Inventories at 31st December were valued as follows—

Raw Materials	\$45000
Work-in-Process	19000
Finished Goods	27000

(b) Reserves for Depreciation were to be increased for the six months by the following percentages calculated on the cost of the assets—

Machinery	12% per annum.
Factory Buildings	6% " "

Each month was to be taken as one-twelfth of the year.

(c) Bad Debts Reserve was to be increased by an amount equal to $\frac{1}{2}$ per cent on the net Credit Sales.

(d) Cash Discount Reserve was to stand in the Balance Sheet at a figure equal to 1 per cent on the Trade Debtors.

(e) Of the Factory Insurance \$100 was unexpired at 31st December.

(f) Wages had accrued but had not been brought into the books, as follows—

Direct	:	:	:	:	:	:	\$700
Indirect	:	:	:	:	:	:	200

(g) Interest on Thornton's Loan had been paid to 30th June, but had not been charged since then.

Under the Partnership Agreement the following three items were to be charged before finding the balance on Profit and Loss Appropriation Account for division between the partners—

(h) Partners' Salaries—

F. Johnson \$7000 per annum for General Administration.

R. Carswell \$6000 per annum, of which \$1000 is for General Administration, and \$5000 for managing the Selling Department.

(i) Interest on Capital at 8 per cent per annum.

After the above had been charged—

(j) Profits and Losses were divisible between the two partners in the following ratio : F. Johnson : R. Carswell, 3 : 2.

Y 106.

The following was the Trial Balance of J. Bailey and K. Duncan, carrying on business as manufacturers and traders, for the six months ended 31st December—

Cash in hand	\$200	
Bank of Montreal	25000	
Accounts Receivable	180000	
Raw Materials : Inventory at 1st July	24000	
" Purchases	220000	
Returns Outwards, Purchase of Raw Materials		\$2500
Work-in-Process : Inventory 1st July	15000	
Finished Goods :	22000	
Machinery and Factory Equipment (Cost)	90000	
Reserve for Depreciation of Machinery and Factory Equipment		15000
Factory Buildings (Cost)	60000	
Reserve for Depreciation of Factory Buildings		10000
Land	30000	
Inward Freight on Raw Materials	7000	
Duty on Raw Materials	8000	
Accounts Payable		25200
Bills Payable		28000
Salesmen's Salaries and Commission	6500	
Travellers' Salaries, Commission and Expenses	7800	
Carried forward	\$695500	\$80700

Brought forward	\$695500	\$80700
Salaries : General Office	8500	
Expenses of Selling Department	4000	
Wages : Direct Labour	65000	
" Indirect Labour	20000	
Salary : Factory Manager	6000	
Factory Power	10000	
General Factory Expense	15000	
General Office Expense	8000	
General Repairs, Factory Buildings	800	
" " Factory, Machinery, and Equipment	400	
Fire Insurance : Factory	600	
Bad Debts made	800	
Closing-down Expenses of Factory, one month	500	
Returns of Sales	1500	
Sales		471500
Reserve for Bad Debts		700
Cash Discounts	700	
Reserve for Cash Discounts		900
J. Bailey : Capital		150000
K. Duncan : Capital		100000
J. Bailey : Current Account	4000	
K. Duncan : Current Account	2500	
H. Ferguson : Loan at 8%		40000
	<u>\$843800</u>	<u>\$843800</u>

NOTE. The Closing-down Expenses of Factory Account included the following items—

Wages of Cost Clerk and Storeman for month	\$240
Watchmen's and Caretaker's Wages	100
Expenses covering up Machinery and Equipment, and uncover- ing same and cleaning at close	130
Sundry Expenses and Small Stores	30
	<u>\$500</u>

Entries necessitated by the following had still to be made—

(a) Inventories at 31st December were valued as follows—

Raw Materials	\$38000
Work-in-Process	20000
Finished Goods	42000

(b) Reserves for Depreciation were to be increased for the six months at the following rates, calculated on the cost of the assets—

Machinery and Equipment	6% per annum.
Factory and Buildings	4% " "

Each month was to be taken as one-twelfth of a year.

(c) Bad Debts Reserve was to be increased by an amount equal to one-quarter of 1 per cent of the net credit sales.

(d) Cash Discount Reserve was to stand in the Balance Sheet at a figure equal to one-half of 1 per cent of the Accounts Receivable.

(e) Wages had accrued but had not been brought into the books at 31st December, as follows—

Direct	:	:	:	:	:	:	:	\$420
Indirect	:	:	:	:	:	:	:	150

(f) Of the Factory Insurance, \$120 was unexpired at 31st December.

(g) Interest on Ferguson's Loan had been paid to 30th June, but had not been charged since then.

Under the Partnership Agreement, the following items were to be charged before finding the balance on Profit and Loss Appropriation Account for division between the partners—

(h) Partners' Salaries—

J. Bailey \$6000 per annum, for General Administration.

K. Duncan \$5000 per annum, of which \$1000 is for General Administration, and \$4000 for managing the Selling Department.

(i) Interest on Capital at 6 per cent per annum.

(j) After the above have been charged—

Profits and Losses are divisible between the partners in the ratio of—

J. Bailey	:	:	:	:	:	:	:	1
K. Duncan	:	:	:	:	:	:	:	1

*Group Z.**Exercise No. 107.*

Special Features. Manufacturing Statement to show following, separately—

Direct Material	} Absorbed into Goods
Direct Labour	
Factory Overhead	

finished during period.

Required. General Journal.
Ledger.

Instructions.

Open Ledger Accounts for all items in the Trial Balance, and write in the balances given.

Make the necessary adjustments and transfers through the General Journal, in order to write up Work-in-Process, Trading, and other Accounts, including Partners' Current Accounts.

Prepare Manufacturing and other statements for the period, and Balance Sheet at its close.

Z 107.

The following was the Trial Balance as at 31st December of L. Foulkes and W. Lynch, who were carrying on business in partnership as manufacturers and traders—

Cash	\$37907	
Accounts Receivable	120014	
Inventory—Raw Materials at 1st July	45000	
" Work-in-Process "	10000	
" Finished Goods "	27000	
Plant	56000	
Reserve for Depreciation on Plant		\$11200
Factory Buildings	48000	
Reserve for Depreciation on Factory Buildings		7200
Land	31000	
Accounts Payable		17866
L. Foulkes : Capital		120000
" Current	800	
W. Lynch : Capital		120000
" Current	700	
Raw Materials : Purchases less Returns	245000	
Wages : Direct Labour	66000	
" Indirect Labour	12000	
General Factory Expenses	16000	
Factory Power	3800	
Salary : Factory Manager	6000	
Fire Insurance : Factory (six months)	300	
Repairs : Factory Buildings	1900	
Sales (net)		486800
Selling Expenses	15430	
General Administrative and Office Expenses	20215	
	<u>\$763066</u>	<u>\$763066</u>

The inventories at 31st December were valued as follows—

Raw Materials	\$42000
Work-in-Process	12000
Finished Goods	30000

Depreciation Reserves were to be increased by the following percentages based on the debits to the asset accounts—

Plant	10% per annum.
Factory Buildings	5% " "

Interest on Partners' Capitals was allowed at 8 per cent per annum.

Drawings were limited and no interest was charged if partners kept within the limits ; this they both had done.

Capitals were fixed at book figures.

Profits or Losses were transferred to Partners' Current Accounts in the following proportions—

L. Foulkes	.	.	.	.	.	$\frac{2}{3}$
W. Lynch	.	.	.	.	.	$\frac{1}{3}$

The Work-in-Process at the beginning and end of the period was estimated to be made up of the main elements of cost, as follows—

	July 1	Dec. 31
Raw Materials . . .	\$7500	\$8900
Direct Labour . . .	1600	1900
Factory Overhead . . .	900	1200
	<u>\$10000</u>	<u>\$12000</u>

It is necessary to know this in order that the exact amount of Raw Material, Direct Labour, and Factory Overhead absorbed in the cost of the goods manufactured may be known.

*Group AA.**Exercises Nos. 108-109*

(Each in two parts)

Special Features. Criticism of Manufacturing and other Statements for Successive Periods.

Where Manufacturing Statement shows Direct Material, Direct Labour, and Factory Overhead put into process (108).

Where Manufacturing Statement shows Direct Material, Direct Labour, and Factory Overhead absorbed into Goods Finished during period (109).

Required. General Journal.
Ledger.
Working Paper.

Instructions.

As for Y.

In addition, prepare a columnar statement for the comparison of the following for the periods under review—

- (1) Principal Debits and Credits in Manufacturing, Trading, and General Operating Statements.
- (2) Percentage Ratios.

NOTE. Each item should be worked out as a percentage of the principal credit of its own statement, as follows—

of Finished Goods in Manufacturing ;
of Gross Credit Sales in Trading ;
of Gross Profit in General Operating.

- (3) Increases and Decreases under various charge-headings and credits.
- (4) Percentages of Increases and Decreases under various charge-headings and credits, the first period in each exercise being taken as the Standard Period.

Write a report on the manufacturing and other operations of the business for the two periods.

AA 108.

PART I

The following was the Trial Balance as at 30th June of J. MacDonald and W. Evans, who were carrying on business in partnership as manufacturers and traders—

Cash	\$50241	
Accounts Receivable	78297	
Inventory : Raw Materials at 1st Jan.	40000	
" Work-in-Process	5000	
" Finished Goods	21000	
Machinery (cost)	40000	
Reserve for Depreciation of Machinery		\$6000
Factory Buildings (cost)	32000	
Reserve for Depreciation of Factory Buildings		2400
Land	26000	
Accounts Payable		12540
J. MacDonald : Capital		100000
" Current	1000	
W. Evans : Capital		100000
" Current	1000	
Raw Materials : Purchases less Returns	205000	
Wages : Direct Labour	16000	
" Indirect Labour	8000	
General Factory Expense	9000	
Salary : Factory Superintendent	5500	
Factory Power	4600	
Fire Insurance : Factory	250	
Repairs : Factory Buildings	300	
Sundry Factory Supplies (all consumed)	1315	
Sales		378650
Returns Inwards	400	
Allowances to Customers for Damaged or Defective Goods	150	
Purchases of Finished Goods ¹	20000	
Salesmen's Commission and other Selling Expenses	10236	
Travelling Expenses and Salaries	8658	
General Administrative and Office Expenses	15643	
	<u>\$599590</u>	<u>\$599590</u>

The inventories at 30th June were valued as follows—

Raw Materials	\$30000
Work-in-Process	3500
Finished Goods	300

Depreciation Reserves were to be increased by the following percentages based on the cost of the assets—

Machinery	10% per annum.
Factory Buildings	5% " "

¹ The Finished Goods purchased were all sold, the proceeds being \$22500.

Partners shared profits equally.

Interest on capital, drawings, etc., was ignored.

Capitals were fixed at their book figures.

PART II

The following was the Trial Balance as at 31st December of the books of J. MacDonald and W. Evans, who were carrying on business in partnership as manufacturers and traders—

Cash	\$46345	
Accounts Receivable	93655	
Inventory: Raw Materials at 1st July	30000	
" Work-in-Process	3500	
" Finished Goods	3000	
Machinery (cost)	40000	
Reserve for Depreciation of Machinery		\$8000
Factory Buildings (cost)	32000	
Reserve for Depreciation on Factory Buildings		3200
Land	26000	
Accounts Payable		15668
J. MacDonald: Capital		100000
" Current	1000	
W. Evans: Capital		100000
" Current	1200	
Raw Materials: Purchases less Returns	285000	
Wages: Direct Labour	25000	
" Indirect Labour	11000	
General Factory Expense	10000	
Salary: Factory Superintendent	5500	
Factory Power	5800	
Fire Insurance: Factory	260	
Repairs: Factory Buildings	320	
Sundry Factory Supplies (all consumed)	1420	
Sales		446450
Returns Inwards	2600	
Allowances to Customers for Damaged or Defective Goods	11900	
Purchase of Finished Goods ¹	2000	
Salesmen's Commissions and other Selling Expenses	11431	
Travelling Expenses and Salaries	8745	
General Administrative and Office Expenses	15642	
	<u>\$673318</u>	<u>\$673318</u>

The inventories at 31st December were valued as follows—

Raw Materials	\$20000
Work-in-Process	3600
Finished Goods	6000

¹ The Finished Goods purchased were all sold, the proceeds being \$2250.

Depreciation Reserves were to be increased by the following percentages based on the cost of the assets—

Machinery	10% per annum.
Factory Buildings	5% " "

Partners shared profits equally.

Interest on capital, drawings, etc., was ignored.

Capitals were fixed at their book figures.

During the first six months of the year, the partners had to buy finished goods from the outside in order to meet customers' orders.

During the six months ended 31st December, the partners anticipated an increase of gross sales and tried to increase production by paying bonuses to workmen who could increase their output. State what you think of the results of this.

The market prices of raw materials and of finished goods remained constant throughout the year, so that amounts in dollars for raw materials and finished goods show approximately variations in quantities.

Make any suggestions you think fit with regard to the manner in which the business is to be conducted during the next year.

AA 109.

PART I

Messrs. Forest, Hamilton, and Graham are in business as manufacturers and traders. The Trial Balance of their Private Ledger at the close of the six months ended 31st December was as follows—

TRIAL BALANCE			
Bad Debts Reserve			\$4600
Cash in hand	\$1234		
Cash in Bank	22056		
Trade Debtors Control	156245		
Reserve for Discounts			3400
Discounts	3204		
Bad Debts written off	4450		
Taxes on General Office and Selling Dept.	4059		
Inventories : Raw Materials at 1st July	3654		
Work-in-Process at 1st July	1759		
Finished Goods at 1st July	6753		
Local Freight and Cartage	1854		
Sale of Old Harness, etc..			35
Horse Delivery Equipment	4035		
Carried forward	\$209303		\$8035

Brought forward	\$209303	\$8035
Horses	6054	
Motor Delivery Equipment	10354	
Collection Fees and Bank Charges	852	
Light and Heat : General Office	1207	
" " Selling Department	805	
Wages : " Drivers	4478	
General Office Salaries	12065	
Sundry Expenses of General Office	1215	
Stable Wages and Other Expenses	1325	
Storage Expenses for Finished Goods	1205	
Office Buildings	10000	
Selling Department Buildings	10000	
Reserve for Depreciation : Office Buildings		4064
" " Selling Dept. Buildings		3057
Telephone, " Telegrams, Postages, etc., General Office	1824	
Stationery	2154	
Advertising	2704	
Samples	2475	
General Office : Insurance	806	
Selling Department : Insurance	2854	
Factory : Insurance	4054	
Repairs to Buildings : General Office	312	
" " Selling Department	624	
General Expenses : Selling Department	2005	
Salesmen's Salaries	10050	
" Commissions	3995	
Outward Freight on Goods sold outside Montreal	6759	
Factory Buildings	80000	
Reserve for Depreciation of Factory Buildings		12240
Expenses of Packing and Shipping	4065	
Travellers' Expenses	3028	
Factory Power	18256	
Travellers' Commissions	5054	
Donation to Hospital which offers special facilities in the case of accidents to factory workmen	500	
Travellers' Salaries	4057	
General Factory Supplies	4231	
Factory Tools	8097	
Factory Plant and Machinery	120000	
Reserve for Depreciation of Factory Plant and Machinery		46254
Sales : All Credit		827602
Returns of Sales	3046	
Allowances on Sales	1247	
Factory Taxes	2172	
Factory : Direct Wages	177015	
" Indirect Wages	20054	
" Light and Heat	4237	
Repairs to Factory Buildings	5205	
General Factory Expenses	9135	
Land	80000	
Repairs and Renewals to Factory Machinery	13251	
Purchases of Raw Materials	427054	
Inward Freight on Raw Materials	4124	
Carried forward	\$1303307	\$901252

Brought forward	\$1303307	\$901252
Duty on Raw Materials	3025	
Returns Outwards of Raw Materials		13453
Allowances on Purchases of Raw Materials		2525
Capital: W. Forest		200000
" J. Hamilton		120000
" K. Graham		120000
Current Account: W. Forest	8300	
" J. Hamilton	6250	
" K. Graham	6300	
Trade Creditors Control		37654
Notes Receivable	75050	
" Payable		25050
Office Equipment	5240	
Equipment of Selling Department	4280	
Reserve for Depreciation Office Equipment		1056
Reserve for Depreciation Selling Equipment		762
Totals of Trial Balance	<u>\$1421752</u>	<u>\$1421752</u>

The adjustments required by the following are still to be made in the books—

(a) The following were the valuations of various inventories at the close of the period—

Raw Materials	\$16057
Work-in-Process—	
Direct Material	\$11236
Direct Labour	4375
Factory Overhead	2894
Finished Goods	18505
Factory Tools	6859
General Factory Supplies	7050
Horse Delivery Equipment and Harness	2320
Horses	3400
Motor Delivery Equipment	5021
Stationery	8231
	120

(b) The inventory of Work-in-Process at the commencement of the period was made up of the following elements—

Direct Material	\$1056
Direct Wages	438
Factory Overhead	265
	<u>\$1759</u>

(c) The following expenses had accrued but had not been paid at the close of the period—

Wages: Factory, Direct	\$1050
" Indirect	215
" Van Drivers	146
" Stablemen	22

(d) The following amounts of various charges had not expired at the close of the period—

Factory Insurance	\$357
General Office Insurance	92
Selling Department Insurance	253
Factory Taxes	102
General and Selling Department Taxes	523

(e) Stationery is to be charged out as follows—

Factory	5%
Selling Department	10%
Advertising	25%
General Office	60%

(f) *Local Freight and Cartage* is to be charged with the following—

Amount written off Horse Delivery Equipment.	
" " Horses.	
" " Motor Delivery Equipment.	
Wages of Drivers	
Stable Wages and other Expenses.	

It is to be credited with sale of old harness, etc.

Of the balance, \$1500 is to be charged to "Outward Freight on Goods delivered outside Montreal," and of the remainder 10 per cent to the Factory and 90 per cent to the Sales Department. The concern makes, in its selling prices, an extra charge for delivery of its goods outside Montreal, but no extra charge for delivery within the city limits.

(g) (i) The final figure for Reserve for Discounts is to equal $2\frac{1}{2}$ per cent on the Accounts Receivable. (ii) Bad Debts Reserve is to be increased by a figure equal to $\frac{1}{2}$ per cent on the Gross Sales.

(j) Reserves for Depreciation are to be increased at the following rates per annum, calculated on the cost of the assets concerned—

Factory Buildings	10%
Factory Plant and Machinery	12%
Office Buildings	8%
Office Equipment	5%
Selling Department Buildings	8%
Selling Department Equipment	5%

(k) The following salaries are to be credited to the partners'

Current Accounts before the balance of Profit or Loss for division among them is arrived at—

Forest :	\$16000 per annum.	Charge	75% to General Administration.
		"	12½% to Selling Department.
		"	12½% to Factory.
Hamilton :	\$12000 per annum.	Charge	10% to General Administration.
		"	90% to Selling Department.
Graham :	\$12000 per annum.	Charge	10% to General Administration.
		"	90% to Factory.

(l) General Selling Department Taxes are to be apportioned half to Selling Department and half to General Administration.

(m) Interest is to be allowed on Capitals at 5 per cent per annum, and is to be charged to an account for "Interest on Capital and Overdrawings." It is to be charged before the net balance of Profit or Loss is to be transferred to the Partners' Current Accounts.

(n) Interest is to be charged on Overdrawings at 6 per cent per annum. For three months, W. Forest had overdrawn his Current Account by \$3000.

After all the adjustments necessitated by the above have been made, the remaining balance on Profit and Loss Appropriation Account is to be shared in the following proportion—

W. Forest	.	.	.	.	½
J. Hamilton	.	.	.	.	½
K. Graham	.	.	.	.	½

PART II

During December, the firm of Forest, Hamilton, and Graham anticipate that, during the first six months of the next year, there will be a fall in the prices ruling in the markets in which they usually sell their goods. At the same time, the prices of their raw materials show no tendency to fall.

In order to cope with this situation, they decide to buy a large quantity of new machinery, which will make it possible for them to dispense with a large amount of their labour. They hope that their increase in production and saving in labour will more than cover their extra charges through Interest on Loan, Factory Power, Depreciation, etc. They need all the profits from the accounts of 31st December, for their private purposes ; and, accordingly, decide to raise \$100000 on loan at 8 per cent for the purchase of the new machinery.

At the same time they reduce Travellers' and Salesmen's Salaries

and increase their Commissions. They also decide to try to extend their selling operations to new areas.

As they anticipated, a fall takes place of $2\frac{1}{2}$ per cent in their selling prices, as compared with the selling prices ruling for the six months ended 31st December. The prices of all their raw materials and supplies for the Factory and Shipping Department, etc., remain as before.

The Trial Balance of their Private Ledger at the 30th June, the close of this six months, is as follows—

Bad Debts Reserve		\$4288
Cash in hand	\$235	
Cash in Bank	32174	
Trade Debtors Control	160127	
Reserve for Discounts		3906
Discounts	3494	
Bad Debts written off	4614	
Taxes on General Office and Selling Department	4103	
Inventories : Raw Materials at 1st Jan.	16057	
" Work-in-Process at 1st Jan.	18505	
" Finished Goods at 1st Jan.	6859	
Local Freight and Cartage	1908	
Horse Delivery Equipment	3560	
Horses	5021	
Motor Delivery Equipment	10507	
Collection Fees and Bank Charges	946	
Light and Heat : General Office	1128	
" " Selling Department	812	
Wages : Drivers	4875	
General Office Salaries	12108	
Sundry Expenses : General Office	984	
Stable Wages and other Expenses	1105	
Storage Expenses for Finished Goods	1412	
Office Buildings	10000	
Selling Department Buildings	10000	
Reserve for Depreciation : Office Buildings		4464
" " Selling Department Buildings		3457
Telephone, Telegrams, Postages, etc.—General Office	1905	
Stationery	2096	
Advertising	3512	
Samples	2854	
General Office : Insurance	802	
Selling Department : Insurance	2973	
Factory Insurance	5235	
Repairs to Buildings : General Office	107	
Repairs to Buildings : Selling Department	425	
General Expenses Selling Department	2024	
Salesmen's Salaries	8018	
" Commissions	7822	
Outward Freight on Goods sold outside Montreal	7835	
Factory Buildings	80000	
Carried forward	\$436142	\$16115

Brought forward	\$436142	\$16115
Reserve for Depreciation of Factory Buildings		16240
Expenses of Packing and Shipping	4571	
Travellers' Expenses	5006	
Factory Power	28743	
Travellers' Commissions	8128	
Donation to Hospital which offers special facilities to workmen in the case of accidents	500	
Travellers' Salaries	3034	
General Factory Supplies	5164	
Factory Tools	7963	
Factory Plant and Machinery	220000	
Reserve for Depreciation of Factory Plant and Machinery		53454
Sales		879372
Returns of Sales	2824	
Allowances on Sales	1012	
Factory Taxes	2281	
Factory: Direct Wages	132024	
" Indirect Wages	28075	
Factory Light and Heat	4359	
Repairs to Factory Buildings	8234	
General Factory Expenses	12285	
Land	80000	
Repairs and Renewals to Factory Machinery	10834	
Purchases of Raw Materials	430025	
Inward Freight on Raw Materials	4524	
Duty on Raw Materials	13928	
Returns Outwards of Raw Materials		7121
Allowances on Purchases of Raw Materials		1234
Capital: W. Forest		200000
J. Hamilton		120000
K. Graham		120000
Current Account: W. Forest	6231	
" J. Hamilton	4250	
" K. Graham	4300	
Loan at 8%		100000
Interest on Loan paid to date	4000	
Trade Creditors Control		27352
Notes Receivable	78325	
Payable		13338
Office Equipment	5240	
Equipment of Selling Department	4280	
Reserve for Depreciation of Office Equipment		1187
Reserve for Depreciation of Selling Dept. Equipment		869
Totals of Trial Balance	\$1556282	\$1556282

The adjustments required by the following are still to be made in the books—

(a) The following are the valuations of various inventories at the close of the period—

Raw Materials		\$15998
Work-in-Process—		
Direct Material	\$11524	
Direct Labour	2802	
Factory Overhead	2104	
		<hr/>
Finished Goods		16430
Factory Tools		6924
General Factory Supplies		6500
Horse Delivery Equipment and Harness		2510
Horses		2800
Motor Delivery Equipment		4500
Stationery		9060
		<hr/>
		206

(b) The inventory of Work-in-Process at the commencement of the period was made up of the following elements.

Direct Material	\$11236
Direct Wages	4375
Factory Overhead	2894
	<hr/>
	\$18505

(c) The following expenses had accrued but had not been paid at the close of the period—

Wages: Factory Direct	\$527
" " Indirect	387
" Van drivers	158
" Stablemen	20
	<hr/>
	\$1092

(d) The following amounts of various charges had not expired at the close of the period—

Factory Insurance	\$401
General Office Insurance	88
Selling Department Insurance	271
Factory Taxes	106
General and Selling Department Taxes	515
	<hr/>
	\$1381

(e) Stationery is to be charged out as follows—

Factory	5%
Selling Department	10%
Advertising	25%
General Office	60%

(f) *Local Freight and Cartage* is to be charged with the following—

Amount written off Horse Delivery Equipment.	
" " Horses	
" " Motor Delivery Equipment.	
Wages of Drivers.	
Stable Wages and other Expenses.	

Of the balance, \$1550 is to be charged to "Outward Freight on Goods Delivered Outside Montreal," and of the remainder 10 per cent to the Factory and 90 per cent to the Sales Department. No extra charge is made for the delivery of goods within Montreal, but when goods are sold for delivery outside the city limits, the selling price is increased to cover this expense.

(g) The final figure for Reserve for Discounts is to equal $2\frac{1}{2}$ per cent on the Accounts Receivable.

(h) Increase Bad Debts Reserve by a figure equal to $\frac{1}{2}$ per cent on the Gross Sales.

(j) Reserves for Depreciation are to be increased at the following rates per annum, calculated on the cost of the assets concerned—

Factory Buildings	10%
Factory Plant and Machinery	12%
Office Buildings	8%
Office Equipment	5%
Selling Department Buildings	8%
Selling Department Equipment	5%

(k) The following salaries are to be credited to the partners' Current Accounts before the balance of profit or loss for division among them is arrived at—

Forest :	\$16000 per annum.	Charge	75% to General Administration.
		"	12 $\frac{1}{2}$ % to Selling Department.
		"	12 $\frac{1}{2}$ % to Factory.
Hamilton :	\$12000 per annum.	Charge	10% to General Administration.
		"	90% to Selling Department.
Graham :	\$12000 per annum.	Charge	10% to General Administration.
		"	90% to Factory.

(l) General and Selling Department Taxes are to be apportioned half to Selling Department and half to General Administration.

(m) Interest is to be allowed on Capitals at 5 per cent per annum, and is to be charged to an account for "Interest on Capital and Overdrawings." It is to be charged before the net balance of profit or loss is to be transferred to the partners' Current Accounts.

After all the adjustments necessitated by the above have been made, the remaining balance on Profit and Loss Appropriation Account is to be shared in the following proportions—

W. Forest	one-half.
J. Hamilton	one-quarter
K. Graham	one-quarter

*Group BB.**Exercises Nos. 110-112.*

Special Features. Departmental Accounts.

Appointment of Expenses to Departments.

Required. General Journal.

Ledger.

Instructions.

Open an account in the Ledger for each item in the Trial Balance, and write in each balance as shown.

Make the necessary transfers and adjustments by Journal entries, so that separate Trading, General Operating, etc. Accounts may be written up for each department.

Separate Work-in-Process Accounts will be required for Problem No. 112.

Prepare the following statements in columnar form, showing transactions and charges for each department separately—

Trading.

General Operating.

Appropriation.

In the case of Problem 112, a similar Manufacturing Statement must be prepared, and also a Net Income Statement.

Show, by means of a percentage, the ratio which each item of Gross Profit bears to its own Sales, and which each item on the debit side of the General Operating Statement bears to its own Gross Profit item.

In the case of 112, show the ratio which each charge in the Manufacturing Statement bears to its own cost of Finished Goods.

Prepare a Balance Sheet for the close of each period under review.

Further Instruction for BB 111.

Assuming that the gross profits in the prior period were 40 per cent more, and were evenly divided over the two departments, and that general conditions as to gross sales, salaries, and expenses have remained the same, what do you consider to be the probable cause of the change?

BB 110.

W. Benson and R. Hood are carrying on business in partnership as dealers in ironmongery and brassware, which are treated in separate departments. Their Trial Balance for the six months ended 31st December was as follows—

W. Benson : Capital		\$30000
" Current	\$1800	
R. Hood : Capital		20000
" Current	600	
Cash in hand and in Bank	12645	
Accounts Receivable	4680	
Merchandise Inventories at 1st July—		
Ironmongery Department	14064	
Brassware Department	13085	
Purchases : Ironmongery Department	18092	
" Brassware Department	29408	
Sales : Ironmongery Department		38069
" Brassware Department		42106
Salaries : Salesmen, etc.—Ironmongery Dept.	4060	
" " " Brassware Dept.	5296	
Fire Insurance on Ironmongery and Brassware	162	
Fire Insurance : Buildings and Equipment	216	
Rates, Taxes, etc.	2645	
Repairs to Buildings	264	
Heating	840	
Lighting	386	
General Expense	1496	
Interest and Discount	657	
Reserve for Discounts		97
Salaries : General Office Staff	2300	
Reserve for Bad Debts		138
Bad Debts	78	
Advertising and Catalogues—Ironmongery Dept.	326	
" " " Brassware Dept.	298	
Furniture and Equipment	6065	
Depreciation Reserve : Furniture and Equipment		1213
Buildings	20000	
Depreciation Reserve : Buildings		4000
Land	12000	
Accounts Payable		16643
Depreciation : Furniture and Equipment	303	
" Buildings	500	
	<u>\$152266</u>	<u>\$152266</u>

All adjustments and transfers have been made with the exception of those necessitated by the following—

W. Benson manages the Ironmongery Department, and is still to be credited with his salary of \$5000 per annum. R. Hood manages the Brassware Department, and is still to be credited with his salary at \$4000 per annum.

Certain expenses have been apportioned already between the Departments. The partners instruct you to apportion the remainder as you think fit and bring all figures to the nearest dollar—

You are given the following data—

Average Merchandise—	Ironmongery	Brassware
Inventories in hand during the six months	\$15750	\$10500
Floor space in square feet	7000	8000
Lamps in use, all of equal power	25	30

The merchandise inventories at 31st December were as follows—

Ironmongery Department	\$15065
Brassware Department	13084

After the net profit or loss of each department has been arrived at, one-half of each is credited or debited to the Current Account of the partner managing the department. The remaining halves are pooled and divided in the following proportions—

Benson	three-fifths.
Hood	two-fifths.

BB III.

The Trial Balance of B. Johnstone and H. Ronald, carrying on business in partnership as book-sellers and stationers, is as follows for the six months ended 31st December—

Accounts Payable		\$1200
B. Johnstone : Capital		20000
Current	\$1900	
H. Ronald : Capital		20000
Current	1700	
Cash in hand and in Bank	15450	
Accounts Receivable	500	
Merchandise Inventories at 1st July—		
Book Department	12000	
Stationery Department	11000	
Purchases : Book Department	16000	
Stationery Department	27500	
Sales : Book Department		35000
Stationery Department		40000
Salaries : Book Department Staff	4000	
Stationery Department Staff	4500	
Fire Insurance : Books, Stationery	60	
Buildings, Equipment, etc.	90	
Rates, Taxes, etc.	1500	
Repairs to Buildings	45	
Heating	600	
Lighting	270	
General Expenses	1125	
Interest and Discount	150	
Advertising and Catalogues : Book Department	290	
Stationery Dept.	260	
Carried forward	\$98940	\$116200

Brought forward	\$98940	\$116200
Furniture and Equipment	2000	
Depreciation Reserve : Furniture and Equipment		240
Buildings (original value)	10000	
Depreciation Reserve : Buildings		1000
Land	6500	
	<u>\$117440</u>	<u>\$117440</u>

Depreciation Reserve for Buildings is to be written up by 6 per cent per annum on the original value of the Buildings, and Depreciation Reserve for Furniture and Equipment by 12 per cent per annum on the original value of the Furniture and Equipment.

You are given the following particulars with regard to the two Departments—

	<i>Book-selling</i>	<i>Stationery</i>
Merchandise Inventory at 31st Dec.	\$13000	\$11000
Average merchandise Inventories in hand during the six months	20000	10000
Floor space in square feet	7000	6000
Lamps in use, all of equal power	20	25

Certain expenses have been apportioned already between the departments. The partners instruct you to apportion the remainder as you think fit.

The partners agree to no interest on capital, drawings, etc., having agreed that neither would draw more than his salary until net profits were settled half-yearly. Capitals are to remain fixed.

B. Johnstone manages the Book-selling Department, receiving a salary of \$4000 per annum, and H. Ronald manages the Stationery Department, receiving a salary of \$3500 per annum.

The Current Account of each is credited with half the net profit of his department after all the above charges and adjustments have been made. The balances of profit from each department are then pooled and shared equally between them. Losses on departments are treated similarly.

BB 112.

The Trial Balance of the "Everwear Plate and Cutlery Corporation" at 31st December, 1923, is as follows—

Share Capital 2200 shares of \$100		\$220000
Land	\$44200	
Buildings	62664	
Building Depreciation Reserve		3660
Carried forward	<u>\$106864</u>	<u>\$223660</u>

Brought forward	\$106864	\$223660
Plant and Machinery Plate Dept.	42400	
" " Cutlery Dept.	63600	
Plant and Machinery Depreciation Reserve		3100
Merchandise Inventories: 1st July—		
Plate Dept.	1024	
Cutlery Dept.	2040	
Accounts Receivable	32000	
Reserve for Bad Debts		440
Purchases, raw Materials, Plate Dept.	17292	
" " Cutlery Dept.	20026	
Sales, Plate Dept.		56010
" " Cutlery Dept.		65770
Returns Outwards of Raw Materials—Plate Dept.		321
" " Cutlery Dept.		109
Direct Wages: Plate Dept.	13209	
" " Cutlery Dept.	18329	
Taxes: Factory	810	
Profit and Loss (Bad Debts charge)	440	
General Office expenses (including Building charges, etc.)	2035	
Overhead Manufacturing charges (including depreciation of Plant and Machinery, Indirect Wages, Charges for Rent, etc.)		
Plate Dept.	7094	
Cutlery Dept.	8028	
Depreciation on Buildings (Factory)	1160	
Discount	595	
Bank charges and Commission	120	
Light (Selling Depts.)	486	
Advertising and Catalogues—Plate Dept.	50	
" " Cutlery Dept.	290	
Fire Insurance of Plant and Machinery	355	
Travelling Expenses—Plate Dept.	173	
" " Cutlery Dept.	120	
Fire Insurance of Merchandise (charge one quarter to Factory and the remainder to Selling Dept.)	40	
Sundry Creditors		3216
Fire Insurance on Buildings (Factory)	325	
5% Bonds, secured by general charge		5000
Salaries	14736	
Charge following to Selling—		
Plate	\$4040	
Cutlery	4500	
and the remainder to General Administration.		
Bank	2471	
Cash in Office	10	
Heating (Selling Depts.)	540	
Bond Interest	125	
Repairs and Renewals—Plate Dept. (Selling)	510	
" " Cutlery Dept. (Selling)	329	
	<u>\$357626</u>	<u>\$357626</u>

The floor spaces of the two manufacturing departments are as follows—

Plate Department	\$30000
Cutlery "	20000

The floor spaces of the two selling departments are as follows—

Plate Department	. . . . .	20000 sq. ft.
Cutlery ..	. . . . .	25000 „ „

The above figures include office area, which has been allotted arbitrarily to the two departments.

The Lighting for the selling departments varies between the two departments as follows—

Plate	. . . . .	46 Lamps.
Cutlery	. . . . .	63 „

The Heating varies with the floor space. General Office Expenses include Lighting, Heating, etc., already charged to the office ; and they should be apportioned in the same ratio as the departments' net sales. Discounts, Bank Charges and Bad Debts should be apportioned in the same ratio.

The average values of inventories during the period were—

	Material in Factory	Finished Goods
Plate Dept.	\$1000	\$2000
Cutlery „	1000	3000

Merchandise inventories at the beginning and close of period were made up as follows—

	Plate	Cutlery
<i>1st July, 1923.</i>		
Raw Material	\$214	\$125
Work-in-Process	235	243
Finished Goods	575	1672
	<u>\$1024</u>	<u>\$2040</u>
<i>31st December, 1923.</i>		
Raw Material	\$325	\$423
Work-in-Process	463	621
Finished Goods	2212	4956
	<u>\$3000</u>	<u>\$6000</u>

(a) Prepare Departmental Manufacturing, Trading and Profit and Loss Statements.

(b) Show by means of a percentage the ratio which each item on the debit side of the Profit and Loss Account bears to its own Gross Profit.

(c) Give your opinion as to which is the better paying department and state why you hold this opinion.

*Group CC.**Exercises Nos. 113-114.*

Special Feature. Reconciliation of a firm's Ledger Account for the bank with the Bank Pass Book.

Required. General Journal.
Working Paper.

Instructions.

- (1) Show by means of Journal entries the further entries which are necessary in the Ledger of the firm concerned, so that the correct balance may be shown for the close of the period.
- (2) Give the Bank Balance which will appear in the Ledger Account after you have made these entries.
- (3) Prepare a Statement reconciling the balance as shown by the Pass Book with the balance as shown by the Ledger Account concerned.

CC 113.

At the 30th June, the Bank Pass Book for the Current Account of John Robertson & Co., with the Bank of Keewatin, is headed, and contains debits and credits as follows—

Bank of Keewatin,

in account with

John Robertson & Co.

	Dr.	Cr.	Balance
June 30. Totals	\$146743	\$115372	\$31371

You are also given the following details—

(a) John Robertson & Co. have drawn cheques on the account, which have not yet been presented for payment, as follows—

J. Potter & Co.	.	.	.	.	.	\$1256
W. Simpson	.	.	.	.	.	824
H. Dawson	.	.	.	.	.	1564

All of these cheques appear in the Cash Book of the firm for June. None of them has been accepted by the bank.

(b) On 27th June, John Robertson & Co. had drawn a cheque on the bank for \$915, made payable to D. Adams & Co., and had had it accepted by the bank. On 30th June, after banking hours, they received this cheque back from D. Adams & Co., with a notification that the account, which it had been intended to cover, had been paid already by an agent of J. Robertson & Co. This returned cheque was credited on 30th June to D. Adams & Co. through the Cash Book, bank being debited.

(c) On 1st July, John Robertson & Co. received notification from the bank that a cheque signed T. Elwood, for \$125, has been returned marked "Not Sufficient Funds." The bank have entered this item in the Pass Book on 30th June. No entry has been made in the books of John Robertson & Co.

(d) Bank charges amounting to \$85 appear in the Pass Book under the date 30th June, but have not yet been recorded in the books of John Robertson & Co.

CC 114.

The Bank Pass Book for the No. 1 Account of the Nelson Manufacturing Co. is headed and contains total debits and credits as follows—

*Nelson Manufacturing Co., No. 1 Account, in account with the
Bank of Manitoba.*

		Dr.	Cr.	Balance
Mar. 31.	Totals	\$82436	\$84234	\$1798

You are also given the following details—

(a) The Nelson Manufacturing Co.'s Cash Book shows \$56 cash and cheques, as paid into the bank on 31st March. Actually they were items received after banking hours, and were not banked until early on 1st April.

(b) The Bank Pass Book contains an item for interest and charges against the Nelson Manufacturing Co. \$18, which has not yet been brought into the Nelson books.

(c) The Nelson Manufacturing Co. has drawn cheques (unaccepted by the bank) which have not yet been presented for payment, as follows—

T. Wilkinson & Co.	\$124
N. Hamilton	85
N. Macfarlane	2

Macfarlane's cheque has been outstanding for over a year, and the Nelson Co. have good reason to believe that he does not wish to claim his \$2. They decide to credit it to Bad Debts.

(d) The Bank of Manitoba have paid out of this account a cheque for W. Cameron \$247, which should have been paid out of the Nelson Manufacturing Co. No. 2 Account with them. The bank transferred this item on 2nd April.

(e) On 2nd April, the bank show charges against the Nelson Manufacturing Co. of \$25. This item has been brought by the Company into its accounting ending 31st March, as it belongs to that period.

The last date on which the Nelson books were closed off, and the Bank Pass Book reconciled, was 30th September, 1926.

*Group DD.**Exercises Nos. 115-120.*

Special Features. Single-entry Bookkeeping.

Changing from Single- to Double-entry.

Required. Working Paper.

General Journal.

Cash Book, No. 120.

Ledger, No. 120.

Instructions.

Prepare statements for each exercise estimating the net profit made by each business for the period under review.

Use your own judgment in acceding to the requests of the traders concerned.

In each case state whether profits have been under or over-drawn, and if so, by how much. Show the sums due to each individual, and, in the case of the partnerships, how these sums are made up.

Special Instructions.

Nos. 115, 116, 117, and 118 Those who own these businesses wish to keep their books on Double-entry in future. Show the entries that each must make at the commencement of the new period in order to do so.

No. 119. H. Budge asks you what work would be entailed for you to convert his books from Single- to Double-entry for the six months to 31st December.

Outline the steps that you would take to do this, giving rulings of any forms, which you would think it necessary to fill up, and explaining how each column would be used. Give a ruling for the Cash Book you would recommend Budge to keep.

No. 120. Complete the firm's set of books on a Double-entry basis for the six months under review.

State what further particulars you would consider it desirable to have before preparing the Trading and Profit and Loss Accounts.

Prepare Trading and Profit and Loss Statements, and Balance Sheet.

DD 115.

H. Ward is in business with a small general store, and keeps his books by Single-entry. He asks you to find out for him his net profit or loss for the six months ended 31st December.

He gives you the following figures regarding his business—

	At 1st July	At 31st Dec.
Cash in store	\$46	\$27
Accounts Receivable or Trade Debtors	1563	1028
Inventory of Merchandise	865	786
Cash in Bank	347	548
Furniture and Equipment	200	220
Accounts Payable or Trade Creditors	1102	905
Automobile	350	350

He also gives you the following information—

He has taken out of his cash receipts 26 weekly amounts of \$25 each, to cover his private and household expenses, and his wife has taken out for housekeeping purposes, during the six months, stores valued at \$78.

He insists that the furniture and equipment are as good as ever they were, but agrees to \$30 being written off for depreciation. He also agrees to the automobile being revalued at \$300.

DD 116.

Messrs. H. Gainford and T. Plender commenced business on 1st July, investing assets as follows—

H. Gainford	Cash		\$4000
T. Plender	Cash	\$1000	
	Merchandise	1000	
			2000

They agreed to share profits and losses, Gainford $\frac{2}{3}$ and Plender $\frac{1}{3}$.

On 31st December they ask you to find out their net profit or loss for the period. They have kept their books on Single-entry.

Their books record that they possess the following joint assets and liabilities as at 31st December—

Trade Debtors or Accounts Receivable \$2886

NOTE. Of these, two debts, amounting to \$125, are bad.

Trade Creditors or Accounts Payable \$1432
Bills and Notes Receivable 1215

NOTE. A Promissory Note Receivable, included in the above, for \$48, is regarded as quite bad.

Bills and Notes Payable	\$907
Inventory of Merchandise	3218
Equipment, Furniture, and Fixtures	840

NOTE. These appear at cost figure as at 1st July. The partners agree to have them depreciated at the rate of 5 per cent per annum.

Insurance Premium unexpired	\$45
Bank	876
Cash in Store	82
Inventory of various Stores and Supplies at cost	49
Their inventory is valued at cost: its current purchase market price wholesale would be	3427

They have drawn during the six months on account of their profits the following amounts—

H. Gainford	\$1200
T. Plender	700

DD 117.

T. Winkworth is in business as a retail coal and fuel merchant, and keeps his books on Single-entry. He asks you to find out for him his net profit or loss for the six months ended 30th June.

He gives you the following figures regarding his business—

	At 31st Dec. (End of previous period)	At 30th June
Cash in office	\$35	\$22
Cash in Bank as per pass book	1236	1143
Trade Creditors or Accounts Payable	1258	1069
Bills of Exchange and Promissory Notes Payable	465	517
Trade Debtors or Accounts Receivable	1876	1934
Bills of Exchange and Promissory Notes Receivable	525	564
Automobile	800	800
Equipment	300	300
Stores for Automobile	25	18
Coal	565	684

After inquiry, you elicit the following additional facts from him—

He has withdrawn cash for his private and household expenses during the six months \$2300. He supplied coal to his home, which cost him \$45. His selling price of that coal would have been \$92, and he asks you to take it at that figure into your calculations.

He bought some shares for \$100 and paid for them out of the cash receipts.

The automobile stands in his records at its original purchase price. Since purchase it has depreciated a full 50 per cent, and was probably worth not more than \$450 at the start of the period.

The equipment also stands at its original purchase price. It is in fair condition and was probably worth \$250 at the commencement of the period and \$230 at the close.

His cash in office at 31st December included an I O U from J. Grimston for \$15. J. Grimston also appeared in the Trade Debtors Ledger for the same item.

He had omitted two of his promissory notes from the total \$465 for 31st December, but had paid them, when they fell due the following January, out of cash receipts. They totalled \$150.

Cheques drawn by him on his Bank Account, but unaccepted by the Bank, had been debited to various Trade Creditors before the 31st December, as follows—

B. Leggett	.	.	.	.	.	.	\$235
S. Hill	.	.	.	.	.	.	624

These cheques had not been presented for payment at 31st December.

Cheques, similarly unaccepted by the bank and debited to Trade Creditors, before 30th June, as follows—

S. Hill	.	.	.	.	.	.	\$526
W. Jones	.	.	.	.	.	.	250

had not been presented for payment at 30th June.

Of the Trade Debtors outstanding at 30th June, two, amounting to \$46, are believed to be bad.

His inventory of coal at the start of the period was valued at cost at \$565. He wishes you to bring his inventory of coal at the close into your calculations at its cost figure, which is \$684. You find that the purchase market-price of his coal has dropped, and that he could purchase the same coal wholesale for \$612.

DD 118.

Messrs. T. Webb and H. Jenkins are in partnership, keeping a general store. They keep their books by Single-entry.

They ask you to find out their net profit or loss for the six months ended 31st December, and to show the amounts due to each of them

at that date. They produce to you the following statement of affairs for 1st July, which they have both signed and agreed as correct—

STATEMENT OF AFFAIRS			
T. WEBB and H. JENKINS, at 30th June			
<i>Assets</i>			
Cash in Store			\$25
Cash in Bank			465
Merchandise in Store			5834
Equipment			205
Automobile			550
Trade Debtors or Accounts Receivable	\$1464		
less provision for Bad Debts	50		
			<u>1414</u>
Bills and Notes Receivable			315
			<u>\$8808</u>
<i>Liabilities</i>			
Trade Creditors or Accounts Payable	\$1264		
Bills and Notes Payable	200		
			<u>1464</u>
Net worth of Partnership			<u>\$7344</u>
<i>Net Worth made up as follows—</i>			
T. Webb Capital	\$4000		
H. Jenkins "	3000		
T. Webb, balance of profits, etc., due him	\$214		
H. Jenkins " " " " " " " "	130		

They drew these amounts out of the bank early in July. They inform you that under agreement, each partner is allowed 8 per cent per annum as interest on his capital, and that, after making this charge, they share the balance which results, profit or loss, equally.

T. Webb owns the building which they use, and charges an annual rent of \$800. He has been paid no rent for the six months to 31st December.

Under agreement they should each withdraw not more than \$150 per month for private purposes. Any partner who overdraws his account is charged interest at 10 per cent per annum until it is made up. H. Jenkins had overdrawn \$80 for a period of three months. Their withdrawals for the six months to 31st December total as follows—

T. Webb	\$580
H. Jenkins	900

They only made Bad Debts amounting to \$23 during the period, but think it well to have a provision of \$50 at 31st December, in order to cover such losses.

You ascertain that their assets and liabilities are recorded at 31st December, as follows—

Cash in Store	\$49
Cash in Bank	492
Merchandise in Store	6286
Equipment	205
Automobile	550
Trade Debtors or Accounts Receivable	1638
Bills and Notes Receivable	340
Trade Creditors or Accounts Payable	1035
Bills and Notes Payable	400

They agree with you that the equipment ought to be written down by \$20 and the automobile by \$50.

They have issued cheques, not accepted by the bank, which were not presented for payment at 31st December, amounting to \$153. All of these cheques have been debited to Accounts Payable.

From the Bank Pass Book you find that the bank has entered on 2nd January of the new period a charge against them of \$8 for collections, etc., made during the period just closed.

On examining their Invoice File, you find that one for some goods purchased, totalling \$76, was credited to the firm concerned before 31st December, whilst the goods were not received until 3rd January, and were not taken into stock on 31st December.

DD 119.

Henry Budge is in business as a retail grocer, and keeps his books on Single-entry. He asks you to find out for him his net profit for the six months ended 31st December.

He gives you the following figures regarding his business—

	At 30th June (End of previous period)	At 31st Dec.
Cash in Store	49	83
Cash in Bank	415	815
Trade Debtors or Accounts Receivable	1825	1235
Bills and Notes Receivable	648	753
Trade Creditors or Accounts Payable	1054	1135
Bills and Notes Payable	450	485
Equipment	150	180
Automobile	300	225
Inventory of Merchandise	915	875
Investments	—	125

He also gives you the following information—

He has withdrawn cash during the period for his private and household expenses \$1200. His wife has taken out groceries for housekeeping purposes during the six months valued at \$124. He does not intend that she should pay for these groceries, and she is not going to do so, but he has included her in his Trade Debtors at 31st December for that amount. She does not appear in the list of 30th June.

Both the Equipment and Automobile appear at fair valuations, but the Equipment includes some items valued at \$55, which were omitted from the list made for 30th June.

Of the debts due from customers at 31st December, he estimates that \$206 are bad. Of the debts due at 30th June, \$150 were found to be bad in July.

A Bill Receivable amounting to \$86 had been forgotten when preparing the list for 30th June, but had been duly collected in the period just closed.

On 30th September he had been paid a legacy of \$425, which he had put into his grocery business.

The inventory of merchandise prepared for 30th June included one item, valued at \$37, twice over.

The item Investments \$125, appearing in his list for 31st December, is for some mining stock which he had purchased. He paid \$50 for it out of his Store Bank Account. He reckons that it is now worth \$125.

During the period he has become an agent for another concern, whose goods he is selling on commission. Included in his inventory of merchandise for 31st December is a lot of unsold goods, which he holds on behalf of this concern, valued by them at \$120.

He remembers that included in his Trade Debtors is one for \$39 for goods he has sold as agent for this concern. He has no entry in his Trade Creditors showing any liability at all to this concern.

Included in his cash for 31st December is an IOU for \$10, which he knows to be valueless.

After examining his purchase invoices, you find two which total \$78 for merchandise received prior to 31st December, and taken into stock. These invoices have not been credited to the Trade Creditors concerned. An invoice amounting to \$36 had been forgotten similarly at 30th June.

Included in his Trade Creditors at 30th June was a loan of \$100 made to him for private purposes. He had paid off that loan, together with interest \$3, out of the cash in the business on 1st October.

DD 120.

On 1st July, H. Good and P. Calwell entered into partnership to keep a hardware store. They contributed assets to the partnership as follows—

H. Good :	Cash in Bank	.	.	.	.	.	\$6000
	Merchandise	.	.	.	.	.	2000
							<hr/>
							\$8000
							<hr/>
P. Calwell :	Cash in Bank	.	.	.	.	.	\$3000
	Merchandise	.	.	.	.	.	600
	Equipment	.	.	.	.	.	500
	Automobile	.	.	.	.	.	850
	Stores	.	.	.	.	.	50
							<hr/>
							\$5000
							<hr/>

Under their agreement each partner is allowed 8 per cent per annum interest on his capital, and salaries as follows—

H. Good	.	.	.	.	.	\$200 per month.
P. Calwell	.	.	.	.	.	150 „ „

Partners' withdrawals of cash are limited as follows—

H. Good	.	.	.	.	.	\$220 per month.
P. Calwell	.	.	.	.	.	160 „ „

After salaries and interest on capital have been charged, the balance of profit or loss is to be shared between them as follows—

H. Good	.	.	.	.	.	.	‡
P. Calwell	.	.	.	.	.	.	‡

They only kept the following books—

Cash Book.

Accounts Receivable or Trade Debtors Ledger.

Accounts Payable or Trade Creditors Ledger, for the period ending 31st December.

After 31st December, they decide to have their books completed on a Double-entry system for the period just closed.

They ask you to complete the books for the period, dealing with items such as Sales, Purchases, etc., in total.

Their inventory of merchandise at 31st December was valued at \$8658, and of stores at \$56.

They decide to write off depreciation as follows—

Equipment	.	.	.	.	10%	per annum.
Automobile	.	.	.	.	20%	" "

They decide to make a provision for Bad Debts equal to 1 per cent on the Trade Debtors.

Their Cash Book has two columns on the Receipts side, headed "Discount" and "Cash Received into Store," and two on the Payments side, headed "Discount" and "Cash Paid out of Store."

They have summarized their receipts and payments of cash as follows—

Cash Sales	.	.	.	.	.	.	.	.	.	\$27023
Cash Collections from Trade Debtors	.	.	.	.	.	.	.	.	.	21042
Bills and Notes collected by themselves	.	.	.	.	.	.	.	.	.	250
Cash Discounts allowed to Trade Debtors	.	.	.	.	.	.	.	.	.	237
Cash Withdrawals from Bank	.	.	.	.	.	.	.	.	.	254
Merchandise purchased for cash	.	.	.	.	.	.	.	.	.	6538
Equipment purchased by cash	.	.	.	.	.	.	.	.	.	234
Cash Payments into Bank	.	.	.	.	.	.	.	.	.	37015
" " to Trade Creditors	.	.	.	.	.	.	.	.	.	1546
Cash Withdrawals by H. Good	.	.	.	.	.	.	.	.	.	1120
" " P. Calwell	.	.	.	.	.	.	.	.	.	860
Expenses paid by cash	.	.	.	.	.	.	.	.	.	822
Loan made out of cash to W. Lowson on IOU (unpaid 31st Dec.)	.	.	.	.	.	.	.	.	.	50
Cash discounts obtained from Trade Creditors	.	.	.	.	.	.	.	.	.	289
Stores Purchased for cash	.	.	.	.	.	.	.	.	.	30

From their Bank Pass Book you find the following—

(1) Their Cash Withdrawals from Bank have been understated by \$10 owing to a clerical error.

(2) The bank has collected several Bills and Notes Receivable for them amounting to \$1564. The collection and other charges amounted to \$13, and are charged in the Pass Book.

(3) Partners have withdrawn by cheque for private purposes as follows—

H. Good	.	.	.	.	.	\$150
P. Calwell	.	.	.	.	.	100

(4) They have paid various Trade Creditors by cheque \$41056.

(5) They have paid various Expenses by cheque \$358.

(6) They have met various Bills and Notes Payable, totalling \$1508.

After going through their Trade Debtors Ledger you ascertain the following figures—

Gross Credit Sales	\$29843
Cash Received	21042
Discounts Allowed to Customers	237
Returns and Allowances for Damaged Goods, etc.	855
Written off as Bad	189
Other Credits—	
Bills and Notes Receivable	1814

From the Trade Creditors Ledger you obtain the following figures—

Gross Purchases	\$46224
Debits for Cash and Cheques	42602
" Bills and Notes Payable	1508
Discounts, including discounts obtained by cash payments	327
Returns and Allowances for damaged goods	523

There are no outstanding Bills or Notes Receivable or Payable at 31st December.

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